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**AN EXPLORATION OF
GOVERNANCE ARRANGEMENTS
AND THE SUCCESSION PROCESS
WITHIN FAMILY BUSINESSES**

ANTHONY DEVINE

PhD

2017

**AN EXPLORATION OF
GOVERNANCE ARRANGEMENTS
AND THE SUCCESSION PROCESS
WITHIN FAMILY BUSINESSES**

ANTHONY DEVINE

A thesis submitted in partial fulfilment
of the requirements of the
University of Northumbria at Newcastle
for the degree of
Doctor of Philosophy

Research undertaken in the Faculty of
Business and Law, Newcastle Business
School

June 2017

Abstract

This thesis explores how governance arrangements relate to the succession process in family businesses. This is achieved through considering how governance ‘works’ in family businesses and the challenges that family businesses face with the succession process. Academic literature has suggested research into governance of family firms is underdeveloped (Lubatkin, Schulze, Ling, & Dino, 2005; Steier, Chrisman, & Chua, 2004). Similarly, codes of governance for non-listed firms have only been present in the professional literature for the past seven years (ecoDa, 2010; IoD, 2010). The codes emphasise the importance of the succession process which remains the most difficult period for family firms (Cabrera-Suarez, Saa-Perez, & Garcia-Almeida, 2001; Dunn, 1999; Handler, 1994; Lansberg, 1988; Morris, Williams, Allen, & Avila, 1997; Yan & Sorenson, 2006). In more recent times, the media has begun to discuss the need for improvements in the management and governance of family firms (Bloom, 2017). For these reasons a study that explores governance arrangements in family firms and how they relate to the succession processes is important.

The research is underpinned by a constructionist ontology and a social constructionist epistemology. The data were collected through 16 individual face-to-face, semi-structured interviews, with seven family businesses, from a range of industry backgrounds across the United Kingdom. An inductive, thematic approach was taken enabling themes to emerge from the data analysis.

The emergent focus of the findings was an overarching concern for control, both in terms of governance arrangements and the succession process. A theoretical model is presented that shows how ‘moderate’ levels of control lead to ‘optimal’ circumstances for the succession process in family firms. The Family Fundamental Interpersonal Relationship Orientation (FIRO) model (Danes, Rueter, Kwon and Doherty, 2002; Haberman and Danes, 2007) is used as an explanatory framework to propose that ‘optimal’ circumstances are characterised by ‘collaborative’ interpersonal relationships within the family firm.

The research findings and the subsequent theoretical model that has been developed are important because they expand knowledge regarding the relationship between governance and the succession process in family firms. It provides family business members, family business consultants and researchers with a fresh perspective on how to approach governance arrangements and potentially control the challenges that arise during the succession process.

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In Memoriam

This thesis is dedicated to my parents and the memory of my Grandparents, Betty, Jack and Mary. In addition, to the memory of CHD, who gave me the inspiration to research family firms and the problems they face.

Acknowledgements

Writing a doctoral thesis is a somewhat lonely undertaking. However, there have been a number of people who have helped me throughout the process, I would now like to take this opportunity to thank them. All have contributed in different ways but they have all equally made the journey easier. Firstly, thanks go to my supervisors for their constant support and contribution to my work and their overseeing of my personal development as a researcher and academic; Professor Philip Shrivess and Dr Sandra Corlett. A special thank you goes to Philip for his kindness over the years, his inspiration and friendship. To Sandra, a special thanks for her attention to detail with my writing and grammar and, of course, for being my supervisor during my first degree.

Secondly, thanks go to my parents; Cath and Mick, for giving me all the opportunities, advice and guidance which have allowed me to reach this point in my life. Without their constant love and support I would have been unable to achieve such a goal as my doctorate. Special thanks go to my Dad for proof reading the thesis many times and to my Mum for her constant words of encouragement when things got me down. Thanks to my brother Michael not because he has helped, but just because I love him. To my wider family which include aunts, uncles, cousins and in-laws: Ann, Jim, John, Gill, Lauren, Becky, Jackie, Dave, Jack, Doreen and Alan – thanks for being around and keeping me sane. Thanks go to my friends: Chris, Patrick, Alice, Steph, Lauren, Jonny, Anthony, Emma, Kirsty, Tracey, John, Wendy and Julie, for their support and care over the years. And special thanks to Tommy, my friend and colleague, for helping me develop conceptual ideas on the office whiteboard and Rachel for her constant advice and words of wisdom regarding qualitative methods.

Finally, thanks go to my wife, Kirstie. Only those who have experienced writing a doctoral thesis understand how much of a challenge it is. However, the people who live with those writing a doctoral thesis have to be very resilient. Thank you to Kirstie for sticking by me during the long hours in the office and constant talk of family businesses. Thank you for the cups of tea and coffee which you deliver to my desk and the inspirational post-it notes which you leave around the house. Thank you for reading, re-reading and re-re-reading my chapters. Without your love and support this would not have been possible.

Declaration

I declare that the work contained in this thesis has not been submitted for any other award and that it is all my own work. I also confirm that this work fully acknowledges opinions, ideas and contributions from the work of others.

Any ethical clearance for the research presented in this thesis has been approved. Approval was sought and granted by the School Ethics Committee on 5th March 2012.

I declare that the word count of this thesis is 86,664 words.

Name: Anthony Devine FHEA, PGHEP, CFWA, CFBA, FAIA (ACAD), B.A. (Hons), ITIL

Signature:

Date: June 2017

Chapter 1: Introducing the thesis and the research problem

...Most of all
I think my father loved me when we went
In early-morning pipe-smoke on the tram
Down to the Angel, visiting the Works,
'Fourth generation - yes, this is the boy'.
'Well now, my boy, I want your solemn word
To carry on the firm when I am gone:
Fourth generation John - they'll look to you'.
I was a poet. That was why I failed.
My faith in this chimera brought an end
To all my father's hopes. In later years,
Now old and ill, he asked me once again
To carry on the firm, I still refused.
And now when I behold, fresh-published, new,
A further volume of my verse, I see
His kind eyes look woundedly at mine,
I see his workmen seeking other jobs,
And that red granite obelisk that marks
The family grave in Highgate Cemetery
Points an accusing finger to the sky.

(Betjeman, 1960, p.11)

1.1 Introduction

John Betjeman, in the above poem, describes the expectation that was placed upon him by his father to take over the family firm after his father had died. John recalls how his father explained that the workers would look to him for guidance. However, John's desire is to be a poet, not a businessman, thus he rejects his father's plea to take over the firm. In the final few lines there is a sense that the business has broken up and the workers are all seeking new jobs; moreover, that John's father is looking down on him, making him feel guilty, because this has all happened as a result of his unwillingness to take over the family business.

The relationship between John Betjeman and his father explores the kind of challenges that can arise between generations within a family business. Disagreements over direction, expectations and willingness to act in a particular way are common problems when family business control has to move from one generation to the next (Kets de Vries, 1996; Lansberg, 1988). In order to avoid a similar outcome to the one described above, research

that explores the challenges faced by family firms and the ways they manage these challenges is important.

This chapter introduces the research focus and process of this thesis. To begin, a contextual understanding of the family business research area is provided. Secondly, the chapter gives insights into how the author was inspired to research about family businesses. Thirdly, presentation of the research questions that underpin this thesis shows how the research has been designed and what it seeks to understand. Finally, this chapter provides an overview of the structure and purpose of each chapter within this thesis.

1.2 A contextual understanding of family business and the research area

The family business was largely overlooked as a research topic throughout the early 20th century (Litz, 1997; Miller & Le Breton-Miller, 2007; Morris et al., 1997). As a result, research has evolved over the past three decades. Hoy (2003, p. 420) states that family business *“is only beginning to be seriously investigated by management scholars”*.

However, in recent times more detailed exploration has occurred (Heck, Hoy, Poutziouris, & Steir, 2008). Within the last two decades dedicated family business research bodies¹, academic conferences,² peer-reviewed journals³ and published magazines have all contributed to increased understanding of the problems family firms face. Specifically-designed academic conferences and peer-reviewed journals, encouraging academic authors to engage in scholarly debate, have enabled the research area to grow. At the same time research bodies, periodicals and magazines have encouraged practitioners who have an interest in counselling and psychology to adapt their practice to solve family business problems.

¹ Family Firm Institute (FFI), Institute for Family Business (IFB), Tomorrow's Company

² FFI Global Conference, International Family Enterprise Research Academy (IFERA)

³ Family Business Review; Entrepreneurship, Theory and Practice

It is widely accepted by family business research scholars (Moore, 2009) that the first theoretical model, explaining dynamics of family businesses, was a systems theory inspired model articulated by Davis (1982). This founding theory is explored more in Chapter 2. Since Davis' first articulation of a theoretical model, family business scholars have adapted and built upon it, to better understand nuances within the family firm.

In 2010, The Institute of Directors (IoD) in conjunction with Deloitte and The European Confederation of Directors' Associations (ecoDa) developed a corporate governance code for non-listed firms. Other countries have previously developed their own non-listed codes⁴ but these have been limited in content and impact. Interestingly, ecoDa, also in 2010, released a pan-European version of the non-listed code which is very similar to the IoD's version in the UK. In both versions (UK and European), family firms are mentioned specifically, as is the need to improve and build succession plans. Creation and publication of documents, such as those mentioned previously, highlights the importance governments in Europe are placing on non-listed family businesses. This appetite for better governance is supported by reports suggesting management of family run firms in the UK is poor and that improvements could promote productivity (Bloom, 2017). It is for these reasons that this thesis, which aims to understand how governance of family businesses can relate to the succession process, is apt and timely. Churchill and Hatten (1997, p. 54) explain how, although family business research is in its infancy, other businesses can learn from family firms:

Family businesses provide an environment where change is inevitable; where the transfer of decision making and power is certain and planned for; where one generation succeeds the other with biological inevitability. Understanding how this process is facilitated can, as with entrepreneurs and innovation, aid other sectors to respond appropriately to their environments.

Already in this section, the terms 'succession process' and 'succession plan' have been used; in addition, the literature often uses the term 'succession planning'. It is important from the

⁴ Albania, 2008; Belgium, 2005; Finland, 2006; Spain 2005

outset to clarify the use of these terms in order to prevent any misunderstandings moving forward. The term ‘succession process’ has been adopted within this thesis in order to capture the differences.⁵ The term ‘succession process’ includes the process of planning for succession (i.e. ‘succession planning’), the actual plan itself (i.e. ‘the succession plan’) and the succession event (i.e. the point at which succession from one generation to the next occurs). The author decided to consolidate these terms into ‘succession process’ following the fieldwork where participants used the terms interchangeably. This consolidation was part of the evolution of the research questions and is discussed further in Section 3.6.1.

1.3 The author’s position, interest and approach

Consistent with research which suggests that most researchers have a personal interest in their topic (James & Vinnicombe, 2002), the inspiration to undertake a doctorate that explored how governance affected the succession process came from a single conversation between two family members, which the author experienced while working as a consultant. This conversation, which developed into an argument between an aunt and her niece over an employee’s right to maternity leave in the business, provided the basis to begin exploring the literature that formulated the research questions. Exploration of the literature enabled the author to discover where contributions could be made, but the initial inspiration was from a real life event, within a family business, where a problem existed.

1.4 The research questions

Following exploration of the literature, the author devised three research questions (Table 1), which this thesis will address.

Research questions
1. How does governance ‘work’ in family businesses?
2. What challenges do family businesses face when undertaking the succession process? Why do they arise?
3. How do governance arrangements within family businesses relate to the succession process?

Table 1 - Research questions

⁵ Murray (2013) also adopts the term ‘succession process’ to describe what she calls the ‘transition cycle’.

It is important to note from the outset how these questions are positioned in relation to the literature and the practical environment in which the concepts exist. Research Question 1, which seeks to understand how governance ‘works’ in family businesses, is about understanding how the broad practices of governance operate and exist within family businesses. As part of this, it considers the literature that exists on corporate governance in family businesses but does not limit the research to this more restricted ‘type’ of governance. Research Question 2 seeks to understand the challenges surrounding the succession process in family firms and why they arise. Finally, Research Question 3 aims to understand how governance arrangements within family businesses can specifically relate to the succession process. Clearly there are degrees of overlap in these questions and so it maybe that when discussing ‘governance’ (in the context of Research Question 1) the issue of the succession process arises. Research Question 3 represents the ‘gap’ in the research that this thesis is attempting to ‘fill’ in order to demonstrate a theoretical contribution to knowledge. As such, Research Question 3 also articulates the research problem. Figure 1 highlights the ‘gap’ in knowledge, as represented by the overlapping area between the two circles of the Venn diagram.

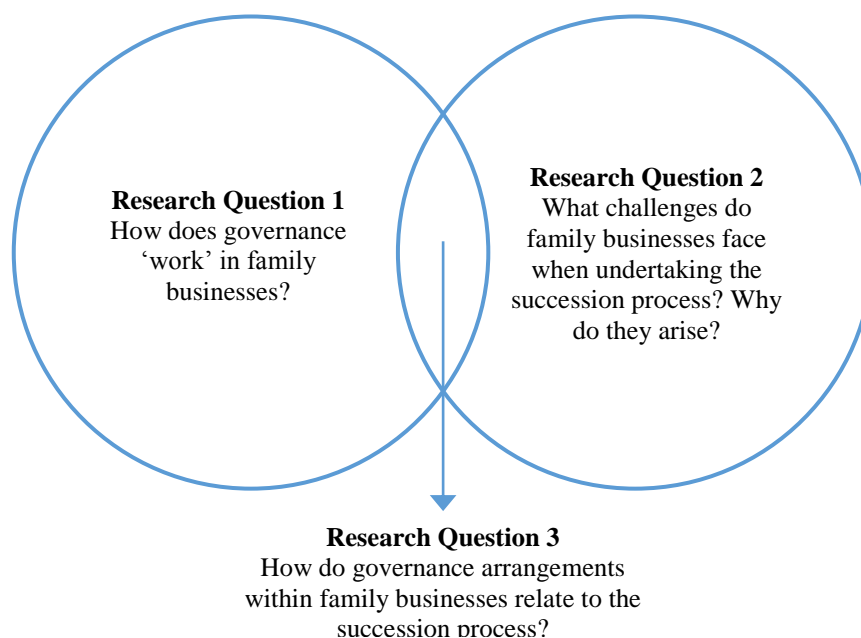


Figure 1 - Understanding the research 'gap'

1.5 Thesis structure

This thesis contains a total of seven chapters. Each will now be discussed in order to understand how each has relevance and purpose within this study. **Chapter 1** has introduced the thesis giving an overview of the family business research area. It went on to show how the author has approached its construction, through presentation of the research questions and the research problem. The chapter also provided the reader with insights into how the thesis is going to make a contribution to knowledge by articulating the ‘gap’ that exists.

Chapter 2 explores the academic literature in the field of family business. Specifically, it focuses upon the elements that make up Research Questions 1 and 2, providing a basis upon which to move forward. It offers various definitions of key terms and concepts such as: corporate governance and its adaptation to the family business field; how boards of directors and family councils operate in family businesses; how relationships between various members of the family are affected in a business context; and finally, how research on the succession process has progressed so far. The critical review of the various literature areas enables the reader to understand where this thesis ‘sits’ in relation to previous academic research.

Chapter 3 confirms the various ontological, epistemological and methodological choices upon which this thesis is based. It includes detailed accounts of how the research has been designed and the thematic analysis method that is employed in order to analyse the data. In addition, Chapter 4 explains the various steps taken by the author to ensure that the analysis is dependable and rigorous in its design and approach. This chapter is important because it explains how the research has been carried out, how the data have been collected and how the results will be analysed.

Chapter 4 is the first of two analysis chapters. This chapter presents data on governance, and offers interpretations of how it ‘works’ in family businesses. The four major themes that emerge are discussed in relation to literature on governance in family firms. In addition, a

number of unique findings are discussed. The chapter ends with discussion of the meta-themes that emerge from the four major themes.

Chapter 5 focuses on the challenges with the succession process in family firms and why these challenges occur. Similar to Chapter 4, this chapter contains four main themes that emerge from analysis of the data. The data are interpreted and reflected upon using the literature and theory that is presented in Chapter 2. Once again, this chapter concludes with a presentation of the meta-themes that emerge from the prior analysis.

Chapter 6 brings together the meta-themes from Chapters 4 and 5 in order to present the theoretical contribution of this thesis. In so doing, it explores how governance arrangements within family businesses relate to the succession process. Through synthesising the findings with the existing literature on governance and the succession process in family business, a theoretical model is presented to illustrate how the areas are related to one another. The latter half of this chapter offers insights into why the theoretical model is important within the literature and how this thesis has expanded knowledge in the field of family business research.

Chapter 7 is the final chapter and as such it provides a conclusion to the thesis. The chapter begins by reviewing the rationale and questions that form the basis of the research. In addition, it reviews the methods that were employed in order to collect and analyse the data. The chapter then provides an overview of answers to the research questions, culminating in a précis of the theoretical contribution to knowledge that this thesis provides. Finally, the author explores the directions for future research which arise, in part, from the theoretical contribution and, in part, from some interesting themes that emerged from the data collection.

1.6 Summary

In summary, this chapter has provided an introduction to this thesis. It has provided the reader with a contextual understanding of the family business research area and, in so doing,

has framed where this research fits in relation to the family business area. This chapter has also shown how making specific choices and commitments shapes the research. The specific research questions that will be answered throughout this work have been presented so that the reader is clear about the scope and purpose of this research. Finally, an overview of all the chapters has been provided, enabling the reader to understand how the thesis will develop in relation to the research questions. The next chapter will review the academic literature relating to Research Questions 1 and 2.

Chapter 2: Family business: trials and tribulations

We noticed that family business owners would say that their business was “just like any other business”. But then they would always follow this with the word “except...” and then go on to describe something which suggests that family businesses are very unlike other businesses (Barrett & Moores, 2003, p. 2).

2.1 Introduction

This chapter critically reviews the academic literature on a number of themes within the family business field. More specifically it examines the issues of corporate governance, boards of directors, familial relationships and the succession process. It uses these specific issues to understand the challenges that family business face. It is important to identify these key areas which form the basis of this research project. In so doing the chapter is primarily concerned with Research Questions 1 and 2:

RQ1 - How does governance ‘work’ in family businesses?

RQ2 - What challenges do family businesses face when undertaking the succession process? Why do they arise?

2.2 Defining a family firm

It is common within business discourse for academics and practitioners to use the terms ‘business’ and ‘firm’ interchangeably. Traditionally, the word ‘firm’ refers to a business concern, especially one involving a partnership of two or more people (Oxford-Dictionary, 2013). In most cases the word ‘firm’⁶ is used to articulate the description of a ‘business’ which can be a commercial or industrial establishment such as a factory (Oxford-Dictionary, 2013). It is conventional in the academic literature to use both terms to mean the same thing. It is for these reasons that throughout this thesis the words will be used interchangeably.

There is on-going discussion in the literature as to a definition of the term ‘family business’. Early work by Levinson (1971) considered two separate systems: the family and the business. Literature subsequently emerged suggesting that the two were interdependent

⁶ Technically ‘firm’ refers to unincorporated businesses, but in practice it is also used for all sorts of businesses including public listed companies (PLCs).

(Davis & Stern, 1980). The importance of creating boundary systems was conceptualised by Davis and Stern (1980) in order to define the family business and what was encompassed therein. Boundary system refers to the ‘ring fencing’ of particular roles. For example, the boundary system of ownership would refer to those involved in the businesses who were solely owners and nothing more. ‘Family’ would include family members who were not involved with the business and did not own any part of it. Crossing two or more boundary systems would indicate that an individual could be a family member who works in the business and is a partial owner. Boundary systems allow the grouping of individuals into categories. Olson, Zuiker, Danes, Stafford, Heck and Duncan (2003) argue that strong boundary systems have a positive effect upon family firms, whereas Zody, Sprenkle, MacDermid and Schrank (2006) posit that a more osmotic approach to boundary systems creates positive outcomes. The two systems were illustrated as two interlinking circles (Benson, Crego, & Drucker, 1990) which had a degree of overlap, representing the extent to which a dualistic relationship existed between the concepts (Whiteside & Brown, 1991). In conjunction with previous work, Tagiuri and Davis (1996) adapted the dualistic model and made it trichotomous, the third element being managers and employees. In recent times the third element has been renamed ‘business’ (Churchill & Hatten, 1997; Gersick, Lansberg, Desjardins, & Dunn, 1999). Figure 2 depicts the current iteration of the three-circle model within the literature.

Chua, Chrisman and Sharma’s (1999, p. 19) extensive work involving the study of 250 articles in peer-reviewed journals found that family members *“who together fully own and manage the businesses, vehemently argue that theirs is not [a family business] because they believe that only a business fully owned by the family and without a single non-family worker is a family business”*.

Their definition became:

...the family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled

by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families (Chua et al., 1999, p. 25).

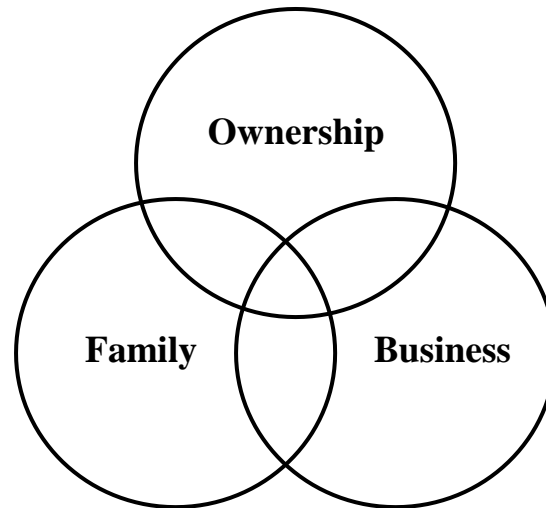


Figure 2 - Three-circle model of family business – Tagiuri and Davis (1996)

The most common type of family business is defined by Janjuha-Jivrai and Spence (2009, p.703) as: *“small and medium-sized enterprises, typically privately owned with significant family involvement in the daily operations of the business”*. This definition is agreed by many scholars within the field (Leach, 1994; Shanker & Astrachan, 1996; Sharma, Chrisman, & Chua, 1996, 1997; Ward & Aronoff, 1990). Litz proposes two definitions. The first suggests that: *“a business firm may be considered a family business to the extent that its ownership and management are concentrated within a family unit”* (Litz, 1995, p. 75). The second proposes that: *“[a] business firm may be considered a family business to the extent that its members strive to achieve and/or maintain intra-organizational family based relatedness”* (Litz, 1995, p. 77). Thus, the view is that a large proportion of privately owned businesses perceive themselves to be family owned as the firm provides the major source of income to the family (Arrègle, Hitt, Sirmon, & Very, 2007; Poutziouris & Chittenden, 1996). Astrachan and Shanker (2003) discuss how there are various definitions of family business depending on family involvement in the business. Figure 3 shows their Family Business Universe model which describes three levels of inclusiveness. Each level will now be discussed in more detail.

Family participation

The first (outer) circle, family participation, is the most inclusive of the levels, whereby only some family members have participation in the business and the family has control over the business' strategic direction. Inclusiveness can include an array of possibilities of family inclusion in the business, for example Astrachan and Shanker (2003, p. 212) explain that this level could include anything from, *"a large public company that has descendants from the original founding company as stockholders or on the board to an independent building contractor whose daughter manages his books"*. Essentially, this level can include any business, as long as there is some family participation.

Intended to remain in the family

The second circle (middle) narrows the definition by requiring the business owner to hand the running of the business to another member of the family, it therefore remains within the family. The descendent must however be intending to take an active role in running the business day-to-day. Astrachan and Shanker (2003) stress that this is an important delineator as it differentiates a business where the family may have ownership but does not interact with the business closely, when compared to a descendent/successor who will run the business every day. They further comment that strategic decisions made by successors who are involved day-to-day are very different from those in non-family businesses.

More than one member of the owner's family with management responsibility

The final circle at the centre of Figure 3 describes the least inclusive definition of family business: it is one that has multiple generations working in the business at various levels. Astrachan and Shanker (2003, p. 212) explain that this could mean: *"a grandparent/ founder as chairman, two or three siblings in top management, one sibling with ownership but no day-to-day responsibilities, and younger cousins in entry-level positions"*. This level is about having multiple layers of the family involved at different levels of the business, all of whom have management responsibilities.

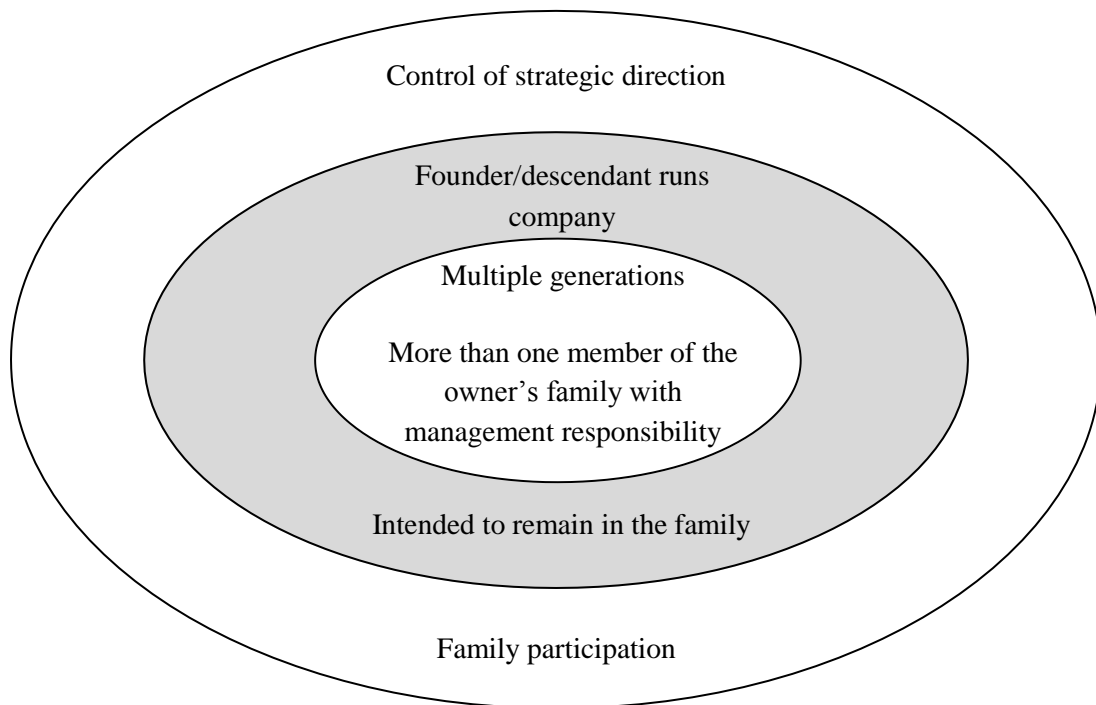


Figure 3 - Astrachan and Shanker (2003) Family Business Universe

The model by Astrachan and Shanker (2003) helps articulate that there are numerous ways of defining a family business. Understanding these differences can help scholars in positioning their research and understanding the generalisability of their findings.

2.3 Family firms' impact on the macro environment

This section explores the role of the family firm in the context of the macro environment.

Historically, the stability of economies and employment has been sustained by family owned firms and they continue to play an essential role in world economies. Beckhard and Dyer (1983b) state that, at the time of writing, approximately 14.4 million of the 15 million businesses in the US were family owned, accounting for the majority of jobs and 40% of Gross National Product (GNP). Dyck, Mauws, Atarke and Mischke (2002) argue that 80% of US corporations are one family owned or controlled (including 35% of Fortune 500 firms) and state that together these firms account for around 50% of jobs and GNP. Welsch (1991) concludes that in Spain and the UK, family firms contributed 70% of their countries' GNP. Westhead and Cowling (1996) carried out an extensive review of the demographics of

family firms in the UK and US which confirms much of this research. They draw specific conclusions about the UK implying that, overall, 81% of companies are independent or unquoted. However, when specific family business definition criteria are applied⁷, only 29% of firms in the UK can be classified as family businesses (Westhead & Cowling, 1996).

Several studies have indicated that the economies of the majority of nations are dominated by family firms (Astrachan & Shanker, 2003; Chrisman, Chua, & Sharma, 2005; Dunn, 1996; Morck & Yeung, 2004). A more recent study shows that in the UK, family enterprises contribute 31% of Gross Domestic Product (GDP) to the overall economy, they provide 42% of private sector employment or 9.5 million jobs and pay around £47 billion per annum in taxation, which is the equivalent of 10% of the government's total tax income (IFB, 2008, p.2).

2.3.1 Other characteristics of family businesses

Family firms tend to be dynastic in their approach to business (Jaffe & Lane, 2004).

Giovanni Agnelli, the late patriarch of the Italian industrial dynasty stated *"The [family] company is an inheritance to be protected and handed on. It is the outcome of the next generation's commitment to the last"* (Betts, 2001). In contrast, their public counterparts (businesses which are owned by individuals who do not have a family connection) exhibit a somewhat myopic approach to management (Bertrand & Schoar, 2006). It has been suggested that family firms are typically flexible, as the individuals making decisions are connected by family as well as business (see Figure 2) and therefore do so in a less formal, yet more effective way (Goffee & Scase, 1985; Hall, 1988; Poza, Alfred, & Maheshwari, 1997; Tagiuri & Davis, 1996). Some scholars suggest that family firms are less political (i.e. fewer layers of hierarchy and bureaucracy) (Moscatello, 1990) and therefore their responsiveness to change is significantly more efficient (Dreux, 1990). Layman (1991)

⁷ Westhead and Cowling (1996) do not define the 'specific criteria'.

concludes that family business leaders favour family values over corporate values and therefore are able to instil a greater sense of community within the business.

2.3.2 Aspects of family businesses that contribute to competitive advantage

Ulrich and Lake (1990) state that the most difficult way to harness competitive advantage is via the improved organisational capability of people. Interestingly, Aronoff and Ward (1992) highlight that, because of strong family values and family commitment to the firm, family firms are “*uniquely capable*” (Astrachan & Landsberg, 1989; Astrachan & Kolenko, 1994, p.252) of harnessing such elements mentioned by Ulrich and Lake (1990) in order to gain competitive advantage. Barney (1991) stated that a resource which is valuable, rare, costly to imitate and without substitute provides the basis for competitive advantage. It is with this in mind that scholars discuss family business in relation to potential for increased competitive advantage (Brokaw, 1992; Davis, 1983; Habbershon & Williams, 1999). Johnson (1990) comments that because family businesses are not subject to public scrutiny in the way that public limited companies (PLCs) are, they are able to keep their competitors at a greater distance thereby ensuring their advantage over others. This lack of exposure to scrutiny, combined with a flexible management structure, allows the family business to quickly respond to changes in the macro environment and thus ensure they retain their competitive advantage (Brokaw, 1992; Davis, 1983). It is this ability to respond rapidly which makes them “*have less interdependence on the macro-environment and therefore [they are] less susceptible to negative downturns*” (Donckels & Fröhlich, 1991; Habbershon & Williams, 1999, p. 5).

Communities, whether local, national or indeed international, form a certain degree of trust with family businesses due to their highly valued reputation (Tagiuri & Davis, 1996; Ward & Aronoff, 1991). Local people associate the “*name above the door*” (Brokaw, 1992) with their community. Layman (1991) states that, due to reputation, strong internal values and relationships with customers, suppliers and external stakeholders, family firms tend to be more value-laden, resulting in better relationships between family businesses and the

aforementioned stakeholders. Having considered the valuable contribution of family businesses to communities and their impact on economies, the next section explores how these businesses are governed.

2.4 Governance and family firms

Although family firms are the world's most common type of business (Gersick, Davis, Hampton, & Lansberg, 1997; La Porta, Lopez-de-Salanes, & Shleifer, 1999), theory to explain their governance related problems is underdeveloped (Lubatkin et al., 2005; Steier et al., 2004). Corporate governance literature has predominantly focused on listed PLCs (Siebels & Knyphausen-Aufseß, 2011). This is supported by the fact that, in the UK, the Institute of Directors (IoD) in conjunction with Deloitte, has only recently (December 2010) formally addressed the gap in guidance of governance for non-listed organisations, by publishing a Code of Corporate Governance for Non-Listed Companies (IoD, 2010). The non-listed code contains 14 principles which are divided into two sections: nine are recommended to all non-listed companies and the remaining five to those which are larger and more complex, have a significant external financing arrangement or have aspirations to be listed publically. It is different to the UK Corporate Governance Code, as issued by the Financial Reporting Council (FRC) (FRC, 2014), because it remains voluntary, so companies are not required to 'comply or explain' like their public (listed) counterparts. However, it contains similarities in that it provides guidelines for 'good' governance. From the outset the non-listed code states that:

Unlisted companies – such as founder and family owned-businesses can utilise this stepwise framework to ensure their long-term sustainability, to bring external parties to their boards, to attract funds, and to solve issues between shareholders and other stakeholders (IoD, 2010, p.5).

As the non-listed corporate governance code is in its infancy (i.e. it has not been widely adopted by companies) there is little literature discussing its relevance or critiquing its impact.

Carney (2005, p. 249) argues that family firms' competitive advantage arises from their "*system of corporate governance*". Similarly Bartholomeusz and Tanewski (2006, p. 245) discuss how family firms adopt "*optimal corporate governance structures*". The inference in this article is that families consciously adopt these practices, in order to improve governance in the organisation.

McCahery and Vermeulen (2010) explore various ways in which corporate governance can be improved within family firms but never actually mention how the concept of governance is understood. Mustakallio, Autio and Zahra (2002) discuss how the emotional attachment which families have to the ownership of their business may detract from the focus on economic goals. Tagiuri and Davis (1996) describe how individuals within family businesses often play simultaneous roles, leading to an overlapping social system where family and business considerations can become conflated, resulting in conflict situations. Thus the complexity of management structures in family businesses means governance relationships become blurred (Mustakallio et al., 2002). This is exemplified in the three-circle model (Figure 2, p. 11) which shows how the social systems of 'family', 'business' and 'management' can be present in different combinations in a family business.

In contrast, traditional corporate governance problems emerge from individuals being overly focused on economic gains. This difference in focus means that traditional governance theories struggle to provide adequate explanations for problems in family firms. This makes the task of understanding family firm governance particularly challenging (Mustakallio et al., 2002). The next three sections will explore theories of governance and how they relate to family firms.

2.4.1 Agency theory in family firms

Agency theory is the most dominant (Arthurs & Busenitz, 2003; Wasserman, 2006) and arguably the most tested of all theories in relation to corporate governance (Shrives, 2010). This section explores what is meant by agency theory and how some of the traditional concepts within agency theory can be applied to family businesses.

Agency theory describes the possible problems which could arise from conflicting interests and information asymmetry between two parties of a contract (Jensen & Meckling, 1976). In the case of listed firms, this conflict arises when the agent (manager), who is acting on behalf of the principal (owner), exerts a degree of opportunistic behaviour and thereby acts in his/her own interests rather than those of the owner. The costs associated with the agency problem are known as 'agency costs' (Jensen & Meckling, 1976). These agency costs are composed of two major areas: first, the costs of preventing the agency problems, such as governance structures and control or incentive systems; second, the economic damage which is caused by management behaving in an opportunistic way, such as free-riding and shirking (Siebels & Knyphausen-Aufseß, 2011). The principal-agent problem therefore is underpinned by a fundamental assumption: as separation of ownership and control increases, so too does the agency problem and therefore cost (Ang, Cole, & Lin, 2000; Farma & Jensen, 1983; Schulze, Lubatkin, & Dino, 2002).

Given that the majority of family businesses are usually controlled and owned by one family, one would expect the agency problem to be of little consideration (Morck & Yeung, 2004). However, Schulze, Lubatkin, Dino and Buchholz (2001) argue that family firms are still exposed to a degree of agency costs which result from two shortcomings. The first is the idea of altruistic behaviour, as altruism is positively linked to an individual's own welfare (Bergstrom, 1989; Lubatkin et al., 2005). Parents within family firms are likely to act generously towards their children. According to Becker (1981) this is not through love for the children, rather through the "*maximisation of their own utility function*" (Siebels & Knyphausen-Aufseß, 2011, p. 6). This results in an increase of free-riding and shirking by the children who now fulfil the traditional agency role. This exacerbates the agency problem in family firms, not through separation of ownership and control, but through the parents being incentivised by their own welfare system (Kets de Vries, 1993; Schulze, Lubatkin, & Dino, 2003b). Conversely, Lubatkin et al. (2005) also discuss how parental altruism can

promote a family bond because family members exchange respect, love and favours. In turn this can align incentives reducing information asymmetry and associated costs.

The second reason why Schulze et al. (2001) consider that family businesses are exposed to agency costs is management entrenchment and shareholder expropriation. Management entrenchment usually refers to a situation where executives design company strategies which are complementary to their idiosyncratic skill set in order to improve shareholders' opinions of them (Gomez-Mejia, Nunez-Nickel, & Gutierrez, 2001). In businesses where an individual family member or a group of family members are the major shareholders and other members of the family are minority shareholders, there may be a greater incentive for monitoring the actions of those family members in senior management positions (Villalonga & Amit, 2006). Thus, the agency problem becomes apparent between family members that have different degrees of influence and control over company decisions and directions.

Research has shown that as the family grows in size and adds generations, the degree of ownership spreads and becomes more dispersed, resulting in individual shareholders possessing different levels of commitment to the company (Schulze, Lubatkin, & Dino, 2003a; Vilaseca, 2002). Due to these differing levels of commitment within families, conflict may occur between owner-managers who use their ownership stake in order to make choices which benefit them, but compromise the needs and interests of the remaining minority shareholders (Siebels & Knyphausen-Aufseß, 2011).

Managing these complex agency problems is essential if the family is to ensure that the business continues from generation to generation. Ghoshal (2005) argues that agency theory is narrowly focused because it only considers the economic rationale behind agents' decisions. It ignores the equally important non-economic rationale (Craig, Dibrell, & Neubaum, 2008). As has been discussed, agency theory pertains to individuals seeking maximisation of their own wealth. However Hirsh, Michaels and Friedman (1987) discuss how individuals can maximise their own utility function through non-economic means such as personal motivations and desires.

In considering the research questions, understanding agency theory in the context of family business is important because when exploring how governance ‘works’ within the family business, the actions of individuals are going to be considered. Agency theory helps to understand and rationalise decision-making about governance, and so will be a useful theory to reflect upon when analysing the approaches of these individuals.

2.4.2 Stewardship theory in family firms

Stewardship theory explores how executives (in agency theory they are agents) become stewards for a company; in taking on the role they act in the best interests of their principals (Davis, Schoorman, & Donaldson, 1997; Donaldson & Davis, 1989, 1991). Stewards believe that by working towards organisational, collective ends, their personal needs will be met. From a psychological perspective, Craig et al. (2008) explain that stewardship theory emphasises non-economic benefits such as opportunities for growth, achievement, affiliation and self-actualisation (Dibrell, 2010). This is in contrast to agency theory where the focus is on self-serving behaviours (Davis et al., 1997). Thus, stewardship theory is another theoretical perspective to help understand the behaviours of individuals in the family business when considering governance.

It could be argued that although stewards are working for the good of the collective group, they are self-serving because eventually they will benefit. However Davis et al. (1997, p. 25) explain that: *“the steward’s opportunity set is constrained by the perception that the utility gained from pro-organizational behaviour is higher than the utility that can be gained through individualistic, self-serving behaviour”*. In other words, stewards believe that working in collective way for the good of the organisation, is better than working for his or her own good. Stewardship theorists propose that stewardship theory is complementary to agency theory (Craig et al., 2008; Davis et al., 1997; Dibrell, 2010). This is supported by Ghoshal (2005, p. 81) who advocates that researchers should *“simultaneously pay attention to the interests of customers, employees, shareholders, and perhaps even the communities in which they operate”*. In contrast, Hambrick (2005, p. 106) states that *“the notion of a leader*

who is motivated by the health and vitality of the place and its people, is now a quaint anachronism". Hambrick continues by describing modern-day executives as being *"obsessed with shareholder value"* and *"more money-minded, self-interested, and emotionally detached from their companies"* (Hambrick, 2005, p. 106). The question is, which side of the debate does the modern-day family business owner/CEO lean towards? Is it a stewardship perspective, where they care about the business and its people? Or, is the idea of an altruistic family business leader also an anachronistic notion?

Family firms are typically keen to ensure that the legacy of previous generations is maintained. Craig et al. (2008) discuss how family business leaders are likely to favour the idea of stewardship-rooted governance initiatives, because it will enable them to build up a loyal set of employees (both family and non-family) who will work to preserve the family business. Thus, having stewards in the family business can make the incumbent-generation more comfortable with starting the succession process and creating a plan (Adams, 2009; Dibrell, 2010). In addition, the steward is more trusted by the incumbent because he or she *"has a greater proclivity to identify with his or her firm, therefore seeing the firm as an extension of his or her self"* (Dibrell, 2010, p. 96). This is in contrast to the agent who is less likely to have the same degree of affinity or commitment (Brown, 1969; Ghoshal, 2005). Interestingly, Dicke and Ott (2002) find that when core values converge and an internal sense of responsibility is created, the accountability that stewardship theory promotes is more likely to occur. This is also reflected in the work of Eddleston and Kellermans (2007) who find that the notion of altruism is negatively related to relationship conflict.

The most recent version (September 2014) of the Corporate Governance Code in the UK emphasises this notion of values creating a sense of internal responsibility by prefacing the Code items with the following:

One of the key roles for the board includes establishing the culture, values and ethics of the company. It is important that the board sets the correct 'tone from the top'. The directors should lead by example and ensure that good standards of behaviour permeate throughout all levels of the organisation. This will help prevent

misconduct, unethical practices and support the delivery of long-term success (FRC, 2014, p. 2).

Although this Code concerns listed companies only, it highlights that governance regulation recognises the impact that values have on the organisation and individuals within it.

Moreover, the preservation of ‘good’ values will promote long-term success. In a similar vein the 2009 Code of Governance in South Africa (more commonly known as The King III Report) notes that, *“leadership is categorised by the ethical values of responsibility, accountability, fairness and transparency and based on moral duties that find expression in the concept of Ubuntu”* (IoD, 2009, p. 9). Ubuntu is a term that has been used in South African literature from the mid-19th century and roughly translates into English as “human kindness”. The new edition to the UK Code is not without its critics; Hill (2014, p. 12) comments that *“the consequence [of the new Code] could be another layer of boilerplate in annual reports”*. This would suggest that Hill (2014) does not believe that this new preface will have any real impact on the way companies operate, simply paying ‘lip service’ to the additional element.

2.4.3 Stakeholder theory in family firms

Just as stewardship theory places emphasis on the non-economic aspects for growth (Davis et al., 1997), applying stakeholder theory can help researchers understand non-financial performance benefits of family firms (Litz, 1997; Sharma, 2004). Zellweger and Nason (2008, p. 205) explain that *“in contrast to nonfamily enterprises, family firms have de facto an additional stakeholder group, the family”*. It is the presence of this unique stakeholder (family) within the business which drives non-economic goals such as longevity of the business over generations, jobs for family members and family control (Zellweger & Nason, 2008). As discussed in the previous section, Craig et al. (2008) explain how family business leaders are more likely to favour a stewardship model because they wish to build up a loyal set of employees. Zellweger and Nason (2008) take this notion one step further, highlighting that because individuals within family firms often play multiple stakeholder roles, they are likely to have a higher desire to satisfy multiple stakeholder groups. This is consistent with

Dyer and Whetten (2006) and their explanation that due to the business being an extension of self for family members, the business is more likely to be socially responsible and therefore better satisfy society. Building on the idea of family firms satisfying the wider society, Sirmon and Hitt (2003) propose that this is because of family businesses' transgenerational outlook. By this Sirmon and Hitt (2003) mean that families devote more time (across multiple generations) to building key societal stakeholder relationships, thus enabling the firm to have more effective reciprocal relationships with these stakeholders.

The three aforementioned theories (agency, stewardship and stakeholder) are useful when considering the research questions because they enable the author to reflect upon the behaviour of individuals. The research questions focus on understanding how governance works in family businesses and, in particular, what the challenges are when considering the succession process and why they arise. The decisions that individuals within the family business make will inevitably inform the answers to these questions. Thus, in the analysis, it will be useful to reflect upon these theories to help understand why individuals have made decisions in particular ways.

2.4.4 The board of directors, the family council and the most trusted advisors

To better understand research about operationalisation of governance in family firms, this section will explore the literature on three groups within family firms who influence governance practice. These groups are: the board of directors, the family council and the most trusted (external) advisors (MTAs).

2.4.4.1 The board and the family council

There have been few empirical studies exploring how both public and private family firms utilise the board of directors and the family council and even fewer which look at how decisions are made (Bammens, Voordeckers, & Gils, 2011). Research that helps us understand 'which decisions are made where' is therefore important. This notion is supported by Johannisson and Huse (2000, p. 375) who state that "*actual board behaviour has interest beyond the academic community ...it may also be helpful to practitioners in*

addition to broadening the theorizing about family businesses”. There is debate in the literature as to the effectiveness of different types of board structures. Some scholars (Alderfer, 1988; Bettinelli, 2011; Schwartz & Barnes, 1991; Sharma et al., 1997) would argue that a mixture of family and non-family members is more conducive to a successful board. Generally, this is due to outside directors’ ability to reduce the heightened emotions which family members display as the two systems (family and business) overlap. For firms which are not large enough to attract outside representation it is recommended that family councils are established (Lansberg, 1988; Ward, 1987). According to Martin (2001a), the family council can meet several times a year and provide a forum for discussion of problems. It can also serve as a means of education and mentoring for younger generations. In addition, it helps create a sense of mutual trust within the family. Similarly, the IoD states that family councils

...provide family members with a forum in which to discuss the affairs of the family and the family business, and assist the development of a coordinated family approach (IoD, 2010, p. 34).

Scholars who support outside directors rather than family councils offer a range of justifications, arguing that outside members bring new ideas, innovation and, at times, diversification (Lane, 1989; Mace, 1971). Outside directors can help with succession by providing a support base for the new leader, both before and after his/her election (Harris, 1989). In addition, they are better able to understand the strengths and weaknesses of the business due to their objective position (Mathile, 1988; Mueller, 1988). As a group, outside directors can provide the chief executive with a place to ‘sound out’ his or her strategic ideas before a board or family meeting. This can be done either on an informal basis or a formal low-cost consultancy basis (Heidrick, 1988).

In contrast, some scholars have discovered that engaging outside directors is counterproductive and that they add little value (Ford, 1988; Jonovic, 1989). Alderfer (1988) offers the argument that the chair of the board, who is usually a family member, is likely to select outside board members who have had their own family business, as they will be better

placed to understand the complexity of family business problems. However, this is counterproductive as these outside members are less likely to raise difficult questions with the chief executive, as they are more empathetic to the problems. Alderfer (1988, p. 252) states that “*outside directors vary in their outsidership, and the range and depth of the board discussion will be influenced by how free the outside directors are of the owning family’s forces*”. Other empirical work suggests that families do not want to appoint outside directors due to concern over potential loss of power in decision-making (Voordeckers, VanGils, & Van-den-Heuvel, 2007; Westhead, Cowling, & Howorth, 2001).

This section has provided an overview of several authors’ considerations of the best methods to construct a family board. However, the section has not discussed any methods as to how to construct a family council, nor how decisions in each forum (board and family council) relate to the succession process. This is due to a lack of conceptual or empirical work in these areas.

2.4.4.2 The most trusted advisor in family firms

The most trusted advisor (MTA) within family firms is an individual or group who is generally external to the family business. Unlike consultants who may come into the business with a specific purpose or task to undertake and then leave, MTAs are not appointed as advisors or consultants *per se* (Strike, 2013), rather they act in an ongoing trusted advisor capacity (Marcus, 1983). Often the MTA performs a role such as accountant, lawyer or tax advisor which has provided him/her with access to private financial information (Nicholson, Shepherd, & Woods, 2010). Although there has been some research into consultants in both non-family and family firms, academic work in understanding the role and impact of the MTA in family firms remains in its infancy (Reay, Pearson, & Dyer, 2012; Salvato & Corbetta, 2013; Strike, 2012, 2013). In some cases these individuals are asked to be a member of the family advisory board or board of directors (Lester & Cannella, 2006). Due to their close association with the family, they often go on to advise multiple generations of family members (Grubman & Jaffe, 2010). Given the trust they build with the

older generation (Grubman & Jaffe, 2010) they possess the unique ability to advise on both family and business matters (Junge, 2006). This trust comes from the MTA's goals which, unlike outside consultants who tend to focus on short-term gains, are to have a life-long "*deeply-embedded*" relationship with the family (Strike, 2013, p. 295). Consultants can be employed in relation to specific problems, but the role of the MTA is to have influence over the flow of information between the family members and to highlight important issues and detect situations which may adversely affect either the family or the business (Strike, 2013). The role that the MTA plays within the business, and the advice that he/she gives, could be potentially important when considering how governance 'works' within the business (RQ1) and the challenges for the succession process (RQ2). The aforementioned literature has shown how the MTA is often in a very influential position with the family, thus, it is likely that they will have input on, or influence over, governance and the succession process. The next section will explore the literature surrounding the succession process in family firms.

2.5 The succession process in family firms

This section reviews the literature surrounding the succession process in family firms. In Chapter 1 the author has already, briefly, explained that this thesis has adopted the term 'succession process'. However, to begin this section this discussion will be expanded in order to better understand why this term has been adopted. Table 2 demonstrates the various interpretations from the literature of the terms: succession planning; succession event and succession plan.

Term	Interpretation	Source
Succession planning	Involves the grooming of family firm leaders so that firm-specific tacit knowledge can be transferred and developed.	Chirico and Nordqvist (2010); Eddleston, Kellermanns, Floyd, Crittenden, and Crittenden (2013); Miller and Le Breton-Miller (2006b)
	Transfer of assets, capital, contacts, power, skills and authority from one generation to the next.	Kleiman and Peacock (1996-1997)
Succession event	The point in time the position of CEO is moved from one person to the next.	Hutzschenreuter, Kleindienst, and Greger (2012)
	Each succession event will restart the organisation's "liability of newness" clock.	Haveman (1993)

Term	Interpretation	Source
Succession plan	A succession plan provides transparency to the process, thereby reducing the ambiguity of succession that may spur conflict within the family and possibly leading to the dissolution of the business rather than a focus on growth.	Brun de Pontet, Wrosch, and Gagne (2007); Eddleston et al. (2013)
	A succession plan implies that the transfer to the next-generation will proceed in an orderly fashion, allowing the family firm leader to prepare the firm for the succession event.	Eddleston et al. (2013); Sharma, Chrisman, and Chua (2003)

Table 2 - Defining the succession process

The interpretations offered in Table 2 suggest that succession planning is the process of planning for the succession event, which is the transition point from one CEO to the next. The succession plan is the medium by which the details of the decisions of the planning are made transparent. However, Eddleston et al. (2013, p. 1179) explain that “*the boundaries of the succession event in family businesses are rarely a single, isolated event or decision*”. In order to understand the various components, the author has included a visual representation of the entire process in Figure 4. The succession event is not represented as a single point, rather a space in the middle of the process that has dashed lines either side, demonstrating the porous nature of the succession planning phase (pre-succession), the succession event (between pre- and post-succession) and the period afterwards when the event has taken place and the plan has been fully implemented.

In order to capture all of the possible interpretations surrounding succession, the term ‘succession process’ has been adopted in the research questions to describe the aforementioned elements. The first section in this review of the literature on the succession process focuses specifically on the meaning of succession planning as described in formal codes of governance and the academic literature. Next it will go on to discuss the stakeholders that are involved in the succession process generally, and the challenges that each one brings.

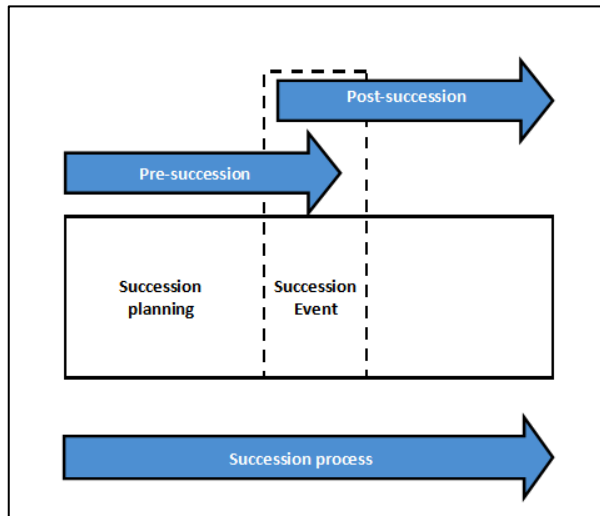


Figure 4 - The author's visual interpretation of the succession process

2.5.1 Succession planning

In listed companies, succession planning is the responsibility of the non-executive directors (specifically the nomination committee), ensuring that the next leader of the organisation is groomed, nurtured or selected in line with the company's needs (Dedman, 2016). This is a supporting principle within two of the main sections of the UK Corporate Governance Code⁸ (FRC, 2014). Similarly, the objective of succession planning in family business is about identifying and nurturing the next leader (Handler, 1994). However, the issues that family businesses face are often different to those experienced by non-family businesses. These issues will be explored further in Section 2.6, when the various challenges for the succession process are discussed.

The IoD's corporate governance code for non-listed companies refers to family firms directly in principle nine:

Family-controlled companies should establish family governance mechanisms that promote coordination and mutual understanding amongst family members, as well as organise the relationships between family governance and corporate governance (IoD, 2010, p. 34).

⁸ Succession is discussed in Sections A4 and B2 of the 2014 UK Corporate Governance Code.

More specifically principle nine discusses the role of family constitutions and protocols, stating that they should “*state key family policies including CEO succession*” (IoD, 2010, p. 34).

Whilst the idea and purpose of succession planning remains the same in both listed and non-listed corporate governance, the issues which arise in family businesses cause more conflict (Kets de Vries, 1993) and lead to the break-up of many family firms (Kets de Vries, 1993).

In response to this phenomenon, many authors would argue that the sooner outside ‘professional’ management is brought in to run the business the longer the it will survive (Barnes & Hershon, 1976; Bennedsen, Nielsen, Pérez-González, & Wolfenzon, 2007; Dyer, 1989). Whilst in some cases outside management is the answer, founding members of a family firm are unlikely to relinquish the running of their business which has been built over a life-time, to someone they do not know. Founders are more likely to hand over their business to a younger member of their family, often an adult child. Here, the difference in family versus non-family business succession planning can be observed:

Family succession planning is a form of strategic planning, which makes provision for the transfer of ownership from one generation to the next (Janjuha-Jivrai & Spence, 2009, p. 703).

As with the majority of definitions, this type of succession relates to firms that are passed on by inheritance or gift rather than bought (or earned) by the succeeding generation.

Interestingly, Sonnenfeld and Spence (1989) note that within family businesses, there tend to be fewer established policies to help guide top leadership groups. This could be linked to family businesses rarely surviving past the third generation because of improper planning and conflict (Handler & Kram, 1988; Harvey & Evans, 1994; Stavrou, 1999; Wong, 1993).

Succession is not a new concept and, for some time the conclusion has remained that succession is, and always has been, one of the most difficult and critical times in a family firm’s continuance (Cabrera-Suarez et al., 2001; Dunn, 1999; Handler, 1994; Lansberg, 1988; Morris et al., 1997; Yan & Sorenson, 2006).

The problems of succession lie in three overlapping demands, the succession plan, the business and family relationships (Handler & Kram, 1988). Research Question 2 seeks to understand these challenges and, as such, the literature surrounding these issues is presented in Section 2.6. At present no theoretical models exist *per se*, rather there are models which highlight how the relationships within the family interact. As a pre-cursor to this discussion about challenges and relationships, the next section will briefly explore the various stakeholders who are often involved in the succession process.

2.5.2 Stakeholders involved in the succession process

Lansberg (1988) discusses stakeholders who are involved in the succession process and the ways in which these groups need to be mobilised in order to successfully undertake a succession plan. The groupings are the foundations for building a succession planning model, which can be applied to overcome the specific issues faced by the respective groups of individuals throughout the process. Lansberg's (1988) groupings are as follows: The Founder; The Family; The Successor; The Environment; The Managers; and The Owners. Similarities can be seen between these groupings and those of Barnes and Hershon's (1976) model (see Figure 5).

This model observes family businesses from four distinct perspectives: The Family Managers; The Employees; The Relatives; and The Outsiders. Each of these perspectives will now be briefly explored. Family managers are 'in the family' and operate inside the business. Generally, they are concerned with hanging onto, or getting hold of, company control. They strive for continuity of the family and often want to build a dynasty. 'The relatives' operate outside the business but are inside the family. Their primary concern is often with the income or inheritance they are going to gain from the business. They usually have a degree of involvement in the business, through either informal means or more formal forums such as a family council. There can often be conflict between 'the relatives' and 'the family managers' over decisions regarding the business.

	Inside the family	Outside the family
Inside the business	The family managers	The employees
Outside the business	The relatives	The outsiders

Figure 5 - Family business perspectives (Barnes & Hershon, 1976)

‘The employees’ are inside the business but outside the family. They seek rewards for loyalty (often in the form of promotion, increased remuneration or sometimes equity). Employees like to share in the growth and success of the family business and as a result are often very loyal. The employees are usually one of the constants during the time of generational leadership transition. Finally, ‘the outsiders’ is a stakeholder group that operates outside the business and outside the family. This group of stakeholders represents ‘the competition’ (i.e. other business operating in the same field), the external market and regulatory influences such as those specific to business operation, tax laws etc. In addition, it can represent stakeholder influences that are intangible such as trends in management practice which can impact the way the business is required to operate in order to remain competitive.

Input from these stakeholder groups can have influence on the ways decisions are made within the family business. In a later section (2.6.4) of this chapter the relationships between those ‘inside the family’ will be explored in more detail. However, when considering the research questions regarding governance and the succession process, these stakeholders are

all important when trying to understand how decisions are made and the subsequent challenges that may ensue.

2.6 Challenges for succession process in family firms

This section explores the various challenges for the succession process, that exist within family businesses. The first half of the section explores some of the issues regarding the founder and women. In addition, it explores how nepotism can impact the family business and non-family employees. The second half focuses on the relationship challenges that exist between parents and their children and between siblings.

2.6.1 The founder

Every succession plan must start with the founder (Levinson, 1971) and the realisation of his/her mortality (Becker, 1973). Kets de Vries (1993, p. 320) describes this as “*confronting the ultimate narcissistic injury: the disintegration of the body*”. For many entrepreneurs this thought occurs to them when they realise, “*the company will live but I won’t*” (Barnes & Hershon, 1976, p.113). There is clearly a degree of association between the realisation of death and the initiation of a plan. Studies have found that many founders only began to consider succession planning after recently experiencing the closeness of death such as a heart attack or the death of a close associate (Ambrose, 1983; Kets de Vries, 1993; Lansberg, 1988). The realisation of death is difficult for any individual to accept but perhaps more so for the entrepreneur who has enjoyed greater control over his/her own destiny (Brockhaus, 1982; Gasse, 1982; Kets de Vries, 1993).

The role of family patriarch/matriarch is the most important position for the founder or senior member of the business family (Sonnenfeld & Spence, 1989). The business becomes an extension of his/her very being and is the thing which defines him/her as a person (Handler, 1994). It is the fear of losing that responsibility, the ‘baby’ (business), or indeed the source of social power, which leads to problems (Levinson, 1971). ‘Letting go’ of the family firm becomes the greatest challenge for the founder (Gagne, Wrosch, & Pontet, 2011; Handler & Kram, 1988). Kubler-Ross (1969) discusses the stages an individual experiences

when facing impending death. These are denial, rage, depression, negotiation and finally, acceptance. Very few founders move beyond the denial stage (Lansberg, 1988). Some founders, depending on their management style, do not wish to admit defeat and regard not remaining with the business until death to be a sign of weakness (Handler, 1994).

Sonnenfeld and Spence (1989) describe a typology of retirement styles categorised as monarchs, generals, ambassadors and governors. Monarchs do not retire only an internal palace revolt or death removes them from their position. Generals too must be forced out but plan to return to power and will come out of retirement in order to save their company from incompetent successors. Ambassadors leave a company willingly but remain connected in an advisory capacity. Sonnenfeld and Spence (1989) describe ambassadors' exits as clean and graceful, often becoming board members. Governors leave for other ventures and have little to do with the company post-retirement (Sonnenfeld, 1988). Some research would suggest that within many family businesses, incumbents fall into the monarch or general typology (Sonnenfeld, 1988; Sonnenfeld & Spence, 1989). For instance, the term "*narcissistic pleasures*" (Kets de Vries, 1993, p. 313) refers to the sense of gratification which the incumbent of a family business has upon seeing their 'name above the door', and the associated emotions of powerful responsibility. The continuation of the dynasty depends on the quality of relationships with family members. It is the management of these relationships and the interactivity of the family unit which will either make succession a failure, or a success (Kets de Vries, 1993).

2.6.2 Women in family firms

Although growing numbers of women are entering family businesses (Cole, 1997; Galiano & Vinturella, 1995), the issue surrounding gender-related socialisation has been, and remains, a problem for family firms (Barrett, 2010; Jimenez, 2009). Some scholars (Frishkoff & Brown, 1996; Nelton, 1998) would advocate that the traditional problem of role division within the family firm is changing, with general acceptance of women in family businesses on the increase. Nelton (1998) states that this is a result of the feminist movement and improved access to education. However others (Danes & Olson, 2003; Hollander &

Bukowitz, 1990; Layman, Salganicoff, & Hollander, 1996) argue that while this may apparently be the case, tensions begin to rise when women step outside of traditional 'accepted roles' (Marshack, 1993). Research exploring the role of women in UK listed company boardrooms highlights that increased diversity could improve performance (Singh & Vinnicombe, 2004; Singh, Vinnicombe, & Johnson, 2001; Vinnicombe & Singh, 2003). Widespread stagnation in boardrooms (Davies, 2011; Lorsch & McIver, 1989) where homogenous groups of middle-class, middle-aged males make all the decisions (Singh et al., 2001) leads to less profit. This is supported by work which looks at gender diversity in the top 50 Fortune 500 companies, all with female presence on the board (Bilimoria, 2000). Bilimoria (2000) further suggests this is due to women possessing more informed views on market, environment and ethical issues. In addition, women are better placed to influence corporate governance as they are less likely to 'rubber-stamp' CEO decisions (Fondas & Sassalos, 2000). Women have a broader experience of the world and are more likely to ensure a 'civilised' boardroom due to their sensitivity to alternative perspectives (Rosener, 1990).

The research into women in family businesses often takes two distinct pathways: first, the difficulties and obstacles faced, and second, the opportunities and advantages which women can bring to the organisation (Jimenez, 2009). The author will use this distinction to present a review of the literature on women in family businesses.

2.6.2.1 Difficulties and obstacles

Women working inside (as well as outside) family firms experience a varying degree of invisibility with regard to the work they do or indeed the recognition they receive (Curimbaba, 2002; Dumas, 1998; Dumas, Dupis, Richer, & St.-Cyr, 1995; Gillis-Donovan & Moynihan-Bradt, 1990; Hollander & Bukowitz, 1990; Salganicoff, 1990a, 1990b).

Women who do not work for the business, in the sense that they are not remunerated nor have an official position, are often at work 'behind the scenes' (Aronoff, 1998). Specifically, the role of wife or mother would fall into this category (Gillis-Donovan & Moynihan-Bradt,

1990). Traditional gender roles tend to formulate the way in which the family business operates, whereby the woman remains at home and deals with domestic issues, raising the children and overseeing the household, whereas the man runs the family business (Marshack, 1993, 1994). Frishkoff and Brown (1993, p. 66) stated that women in the family firm belong to the “*outward division of labour in the family business*”, in other words unrecognised labour on the business’ periphery. Various scholars describe the relationship that women have with the business as paramount to its success, as they provide invisible support for various members of the family (Gillis-Donovan & Moynihan-Bradt, 1990). As part of the role of ‘wife’, the woman often becomes the *consigliere* to the husband or leader of the business (Gillis-Donovan & Moynihan-Bradt, 1990; Jimenez, 2009; Poza & Messer, 2001; Salganicoff, 1990b), acting in an advisory capacity at home, outside business hours. Ironically, it would seem women are expected to act in this vital capacity while maintaining a subordinate role to the males (Hollander & Bukowitz, 1990). Clearly, an emergence of role conflict becomes apparent and Salganicoff (1990b, p. 133) provides some examples of the double messages often received by women:

...dedicate yourself fully to the business, but give the family children; be independent and autonomous and behave like a businessman, but be dependant, take care of the family, and behave like a mother; do not take the business home, but let’s talk ‘shop’ tonight; don’t postpone your career and personal needs, but help the business now.

This is reiterated by an example from Gillis-Donovan and Moynihan-Bradt’s (1990) interviews whereby a wife was expected to belong to all the ‘right’ clubs and socialise with the ‘right’ business people in order to ensure that harmonious relationships were maintained with clients and to win new business. However, she was never given a formal title or role in the company but acted as an informal public relations officer. It is examples such as these that highlight most poignantly the invisibility of women within family businesses.

In contrast to the women deemed to be on the periphery of the family business, previous research (Galiano & Vinturella, 1995) has shown that, during the 1980s, women in family businesses (Kutscher, 1993) came to the realisation that with an increased acceptance in the

workplace there existed also the problem of the ‘glass ceiling’ (Hymowitz & Schellhardt, 1986), gender discrimination (Ettorre, 1992; Kalish, 1992) and stereotyping (Cole, 1997) . The Glass Ceiling refers to a phenomenon which acts as a subtle restriction on women, preventing them from advancing past a certain point on a career ladder (Galiano & Vinturella, 1995). Interestingly, Keating and Little (1997) found that gender was the most important factor in determining the successor to a family business. Admittedly, as this study focused upon the agricultural industry, it is perhaps unreasonable to assume this is the case for all industries containing family businesses. However, it does highlight that in some industries occupational segregation (Aldrich, 1989) and gender bias persist (Keating & Little, 1997). Often, women in the family business are channelled into particular roles which are deemed more appropriate for females, including human resource roles and accounting, administrative or secretarial positions (Marshack, 1994). That this represents a more appropriate role is often justified by male incumbents who use the argument that many employees are unwilling to be managed by a female boss (Jimenez, 2009). Research has shown that women often fulfil the role of ‘Chief Emotional Officer’, providing the ‘emotional glue’ which keeps the business and its values in line with those of the family (Barrett, 2010).

Various scholars have discovered that women are considered for the role of successor only when the family is experiencing a crisis, for example a recent death, or where the founder has no sons (Curimbaba, 2002; Dumas, 1992; Dumas, 1998; Haberman & Danes, 2007). These findings tie in with the primogeniture principle, which stipulates that the first-born son will inherit the “*mantle of family leadership*” (Hollander & Bukowitz, 1990, p. 141; Jimenez, 2009). This will be discussed in more detail in the father-daughter relationship section (2.6.4.2).

2.6.2.2 Opportunities and advantages

Whilst it is evident from the literature that a degree of gender bias remains within family businesses, various scholars would propose that the family business environment still

provides women with more opportunities for career advancement and higher incomes than any other type of business (Andrews, 1982; Barrett & Moores, 2009; Cole, 1997; Curimbaba, 2002; Dumas, 1998; Jimenez, 2009; Salganicoff, 1990b). In addition, it enables women to access traditionally male-dominated industries such as construction, engineering and manufacturing (Salganicoff, 1990b). The family business environment provides women with the flexibility to have a career and juggle the demands of work and home. It also affords periods of prolonged absence due to illness or for family reasons (Curimbaba, 2002) as, although the business may not be able to keep the original position open, paid work is available in some capacity upon return (Salganicoff, 1990b). Cole (1997, p. 354) explains that this is due to family businesses having more “*latitude for personal concerns*” rather than a need for decision-making based on bottom line profitability, which in most other businesses would be the key driver for such decisions. As business and family are integrated, the business can accommodate family issues far more readily than would be possible in other corporate environments.

Studies suggest that women have unique and often underestimated psychological (Cole, 1997; Jimenez, 2009; Salganicoff, 1990b) characteristics which, when present in the family business, engender harmonious relationships with stakeholders. Salganicoff (1990b) based her research on founding studies into women’s psychology (Belenky, Clinchy, Goldberger, & Tarule, 1986; Gilligan, 1982; Kohlberg, 1981) and concluded that women’s unique ability for socialisation enabled them to provide humanisation in the work environment. Barrett and Moores (2009, p. 4) say that,

...women currently working in the family firm may be able to make a larger contribution to it using skills not closely linked to the firm’s service or product. These skills may have been learned in unrelated industries or even domestic skills.

Jimenez (2009, p. 56) comments that these unique skills and psychological capabilities mean that women are better suited to the roles of “*caretaker, peacemaker and conflict resolver*”. Hartman (1987) comments that this unique socialisation ability makes the daughter the best

choice for successor as she is in a better position (than a son) to motivate the family, promote the business and manage people.

2.6.3 Nepotism in family firms

By definition, nepotism is the patronage or favouritism shown on the basis of a family relationship (Vinton, 1998). Within family businesses, nepotism refers to the practice of hiring relatives on the basis of familial relationship rather than the skills they possess (Vinton, 1998). This can present a problem, as it not only causes tension within the family unit, but it can also have a negative effect on professional relationships with employees. Thus, nepotism has gained a somewhat pejorative reputation (Vinton, 1998). Barnett's (1960) description of nepotism with regard to Cantonese entrepreneurs and family firms in the US is "*[when] priority is given to relatives and fellow villagers when a proprietor engages a staff of employees*" (Barnett, 1960, p. 45). Kets de Vries (1993, p. 316) states that, "*senior owner-managers often show a remarkable capacity for closing their eyes to the weaknesses of their beloved sons or daughters*". In practice, management undertake little monitoring and evaluation of family employees, leading to shirking and opportunism from family members (Miller & Le Breton-Miller, 2006a; Weber, 1948). Several authors have concluded that the majority of inefficiencies in family organisations and the frustration expressed by stakeholders are a result of nepotism (Dyer, 2006; Perrow, 1979). This frustration is usually experienced by non-family members who witness an incompetent (family) individual(s) in a senior position which was gained by means of patrimony rather than ability. Kets de Vries (1993) highlights this as particularly ironic as these incompetents often demand a high level of commitment from non-family members, when they themselves lack the ability to understand or execute the task at hand.

2.6.4 Relationship challenges

Lansberg and Astrachan (1994) conclude that there is a relationship between the family's adaptability with regard to succession planning and commitment to the business, including the quality of the owner-manager and successor relationship. Olson (1988) describes relationships within the family by discussing the degree of closeness and emotional bonding

experienced by members of the family. There are four levels of cohesion: (1) disengaged (very low); (2) separated (low to moderate); (3) connected (moderate to high); and (4) enmeshed (very high). The spectrum ranges from that of a family which is unconnected emotionally as well as physically (disengaged) to total interdependence where individuals lack the ability to make decisions independently (enmeshed) (Lee, 2006). In addition, Olson (1988) defined four levels of adaptability which family firms can adopt. Table 3 shows the levels of adaptability and the associated leadership style which is measured by the extent to which adaptability differs within a family system.

According to Kets de Vries (1993), the majority of family business leaders tend to be autocratic indicating that, for the majority of family businesses, adaptability is rigid. This view would seem to conflict with work by Brokaw (1992) and Davis (1983) who find that family firms adapt exceptionally well to a changing environment.

Level of Adaptability	Leadership Style
Rigid	Autocratic
Structured	Democratic
Flexible	Egalitarian
Chaotic	Unpredictable – roles change frequently between family members

Table 3 - Levels of adaptability in family firms (Olson, 1998)

Donckels and Fröhlich (1991) offer a conceptual understanding of the key family roles and responsibilities within an environmental SWOT⁹ cultural context (see Figure 6). Essentially this model is a conceptual construction from the previous literature (Beckhard & Dyer, 1983b; Danco, 1980; Lansberg, 1988; Watson, 1990), but offers the relationships in this environmental context. The model highlights some of the key relationships that can pose

⁹ Strengths, Weaknesses, Opportunities and Threats model.

challenges for the succession process. The next sections will explore some of these relationships in more detail; they are: Father-son, father-daughter and inter-sibling.

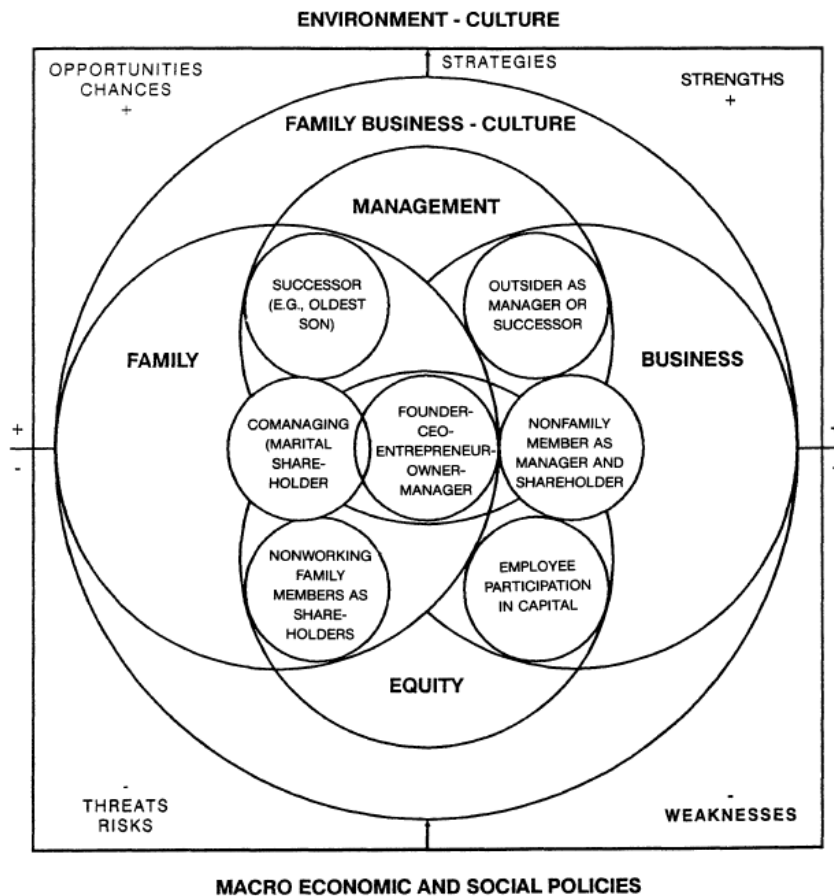


Figure 6 - Donckels and Fröhlich's (1991) conceptual business environment model

2.6.4.1 Father-son rivalry

The patriarchal practice of primogeniture is the most commonly researched relationship dynamic in family business and thus will be explored first. The issues that arise between father and son during the succession process are complex. Indeed, it is difficult to reach the stage where a son is chosen, as, when faced with the choice, an incumbent often prefers to *"let the matter be and procrastinate"* (Kets de Vries, 1993, p. 320). The question surrounding the application of primogeniture; deciding who will be the *primus inter pares* (Latin for the first amongst equals) could cause major conflict amongst siblings and in the father-son relationship. Often, a son is chosen in name alone (Levinson, 1971) in the sense that he has been informally identified as the successor but the incumbent never publicises his

role and therefore the successor feels a constant sense of inadequacy. The successor therefore never experiences the rituals associated with ‘being in charge’, for instance, ‘sitting in the seat’, or enjoying the same level of privileges as a chief executive such as provision of a dedicated car parking space or indeed greater remuneration (Levinson, 1971). Consciously, the father may want to hand over the business and recognises the need to do so, however he unconsciously wishes for his son to fail so that he can regain his role as the business leader. Kets de Vries (1993) links this dynamic to the Freudian Oedipus complex (Freud, 1924) explaining how, over time, the successor grows from a child into a fully-grown adult with an accumulation of physical power and education, so that the child is now a serious threat to the incumbent’s position. Often male incumbents regard successors taking over the business as also taking away their masculinity (Levinson, 1971). Essentially, the father retains the view of the successor (son) as a little boy, not sufficiently responsible to take on such a task as running the family business. Herein lies the problem: the incumbent appears as caring towards the child when, in effect, he is stifling the successor’s (son) personal development by not allowing him to make mistakes, showing a lack of trust (Beckhard & Dyer, 1983a; Beckhard & Dyer, 1983b; Birley, 1986; Davis & Harveston, 1999; Handler, 1992; Levinson, 1971). Kets de Vries (1993) compares the situation to that of Shakespeare’s King Lear: the incumbent is worried that the successor will fail to respect his legacy, built up over a long period, however the rivalry within the family causes the demise of all the players and ultimately the kingdom. Davis and Harveston (1999) undertook a quantitative analysis of the influence of the founder’s shadow as an independent variable upon conflict and concluded that strong influence creates a substantial increase in conflict. This results in a significant decline in effective succession from one generation to the next. Continuing with the theme of shadows, many successors find it particularly difficult to live in the shadow of a “*captain of industry*” (Kets de Vries, 1993, p. 318), often bearing the wrath of the incumbent, more so than younger siblings or cousins, due to their being given the ‘privilege’ of taking over the family business (Kets de Vries, 1993). This creates a great deal of conflict between father and son.

2.6.4.2 Father-daughter relationship

The father-daughter relationship dynamic differs from the previously outlined parent-child relationship (father-son). The combination of father as incumbent and daughter as successor introduces an extra level of complexity to the succession process (Barnes, 1988) as, generally, daughters face more resistance in their quest for accession than sons (Barnes, 1988; Barrett & Moores, 2011; Blotnick, 1984; Hollander & Bukowitz, 1990; Jimenez, 2009; Rosenblatt, deMik, Anderson, & Jonhson, 1985). As previously mentioned, primogeniture is an issue which can cause conflict, more so for daughters in family businesses. When daughters feel they are capable of running the business but the father favours a son, simply due to gender rather than ability, demotivation is inevitable (Jimenez, 2009). According to Barnes and Kaftan (1990) daughters face resistance from both brothers and fathers and are forced to overcome stigma around incompetence or ignorance about the business. In contrast, Cole (1997) found that primogeniture did not appear to be an automatic ‘rule of thumb’ as to who should assume the leadership position. She found that several women have succeeded their father to become the leader of the family business, even when male siblings were working within the firm.

Keating and Little (1997) found that there was an implicit rule within the family business that daughters could not be successors, they were instead encouraged to seek alternative careers and training in other businesses. Inevitably, this results in daughters spending less time in the family business environment resulting in demotivation to pursue professional careers and therefore their main focus becomes home and children (Jimenez, 2009). Often when a father is the incumbent, a daughter is simply not considered a viable successor as he cannot overcome his regard for his daughter as “*Daddy’s little girl*” (Barrett, 2010; Dumas, 1989, p. 37). This is perhaps best articulated by one of Dumas’ participants;

Even though I have been here a long time, I still have to kiss him every morning. Otherwise he’ll be hurt. I don’t think he’s made the transition to seeing me as an adult. I’m still his little girl (Dumas, 1989, p. 37).

In her founding 1989 work, Dumas describes seven constructs which emerged from her research including “*Daddy’s little girl*”. Several of Dumas’ constructs are unique to the father-daughter relationship, that is, they are not present when examining the relationship of father-son succession. An overview of these constructs specific to the father-daughter relationship is in Table 4, with more detail available in Appendix A. Dumas suggests this is due to each gender having a different relationship dynamic with the father. Less conflict (Pesmen, 1984) seems to occur with a father-daughter relationship as the daughter works with the father and regards him as omnipotent, therefore he is able to spend a longer period of time at the helm of the business.

Construct name	Description
The Usurper	The Usurper struggles for visibility in the business. Daughter competes for power and attention from father. Daughter attacks external managers in an attempt to ‘protect’ her father.
The Snow White Syndrome	Daughter joins business to gain more attention from father. Triangulation exists between daughter, father and mother. Rivalry between daughter and mother for father’s attention.
Caretaker of the King’s Gold	Primary motivation for daughter to enter the business is to protect her father, admire him and encourage him. Daughter’s identity becomes ‘father’s protector’.
Silent Voice	Daughters who passively accept their role of inferiority denying the ‘silent voice’ they have. In doing this they create an identity for themselves as the one who has no voice.

Table 4 - Dumas' constructs (1989) - adapted by author

On the other hand, sons must prove their capability to run the company by emulating the practice of the father and ultimately ‘becoming him’ (Dumas, 1989, 1990; Kets de Vries, 1993). This is supported by the work of Vera and Dean (2005) who conclude that mother-daughter succession relationships display a similar power struggle to that of father-son relationships. Therefore, it could be suggested that mixed gender succession relationships could be more harmonious than same gender succession relationships. However, Jimenez (2009) highlights that there is a lack of empirical evidence and research to support this proposition. Interestingly, Hisrich and Fulop (1997) find that women are twice as likely as men to hand on their business to a daughter.

2.6.4.3 Inter-sibling rivalry

Destructive rivalry, causing conflict between two siblings, can bring about the end of a family business (Friedman, 1991). Although in traditional familial settings conflict is as normal as cooperation (Reit, 1985; Zaleznik, 1966), in family businesses where the two concepts are interlinked, problems often arise (Friedman, 1991; Harvey & Evans, 1994; Swagger, 1991). Within families, traditional sibling relationships prosper, as they enjoy a degree of distance from one another (living their own lives) but are able to build a relationship based on their familial connection (Bank & Kahn, 1982). Research has shown (Friedman, 1991; Minuchin, 1974) that childhood sibling relationships are key to learning and understanding how to behave in social situations. The notion of sibling rivalry stems from children competing for their parents' love and attention (Adler, 1959; Cicerelli, 1982). As such, Friedman (1991) identifies three factors which influence sibling relationships: 'inter-sibling comparisons', 'mode of justice: equity versus equality', and 'parental role in conflict resolution', each of which will now be explored in turn. The first, 'inter-sibling comparisons', involves the extent to which parents place value on each sibling as a unique individual and how parents respond to a tendency to compare siblings (Faber & Mazlish, 1987). The second, 'mode of justice: equity versus equality', considers the degree to which fairness prevails between siblings, when parents are making decisions (Bryant, 1982; Ihinger, 1975). The third, 'parental role in conflict resolution', considers the extent to which parents become involved in conflict resolution between siblings. It suggests that if parents' involvement increases, rivalry between siblings will increase (Friedman, 1991). In contrast to traditional families where children leave home and create their own working lives, in families that own businesses, parents are typically in control of their children for a much longer period of time (Friedman, 1991). Adult siblings from traditional families are not competing for parental attention and are therefore more able to find common ground and build better relationships (Allan, 1977). Some research shows that sibling rivalry reduces with age (Cicerelli, 1982), however others argue that destructive rivalries at a young age can last a lifetime, as childhood perceptions remain for life (Friedman, 1991). Within family

firms the parent-child relationship is atypical, as the parent possesses the ultimate power as boss, therefore subordinate children find it difficult to *“express the full range of emotions that are part of the parent child-relationship”* (Friedman, 1991, p. 10).

2.6.4.4 The Fundamental Interpersonal Relationship Orientation model

The three sections before this one have discussed some of the most common challenges that can arise from some specific relationships within family businesses. This section discusses the Family Fundamental Interpersonal Relationship Orientation (FIRO) model which attempts to ‘make sense’ of all the different relationships that can exist within family firms, by focusing on the challenges rather than specific relationships. Björnberg and Nicholson (2007, p. 230) suggest that this model *“comes the closest among family measures to addressing family firm issues incorporating whole-family functioning”* while Olson et al. (2003, p. 644) say that: *“The Family FIRO model guides the change process and provides priority setting across a range of family business changes and dynamics”*. They go on to explain that *“During times of change, the model can serve as either an assessment of a problem solving tool”* (Olson et al., 2003, p. 644).

The FIRO model was originally conceptualised by Schutz (1958) and later adapted by Doherty and Colangelo (1984) to become the Family FIRO model. It was adapted again by Doherty, Colangelo and Hovander (1991). Danes, Rueter, Kwon, and Doherty (2002, p. 32) describe the model as *“[offering] a systematic view that integrates various typological depictions and provides for priority setting across a full range of family business changes and dynamics”*. The model is made up of three core dimensions: inclusion, control and integration (see Figure 7). Danes et al. (2002) differentiate between different types of power within the first two dimensions. Family issues concerning structural and role clarity (known as power structures) belong to the inclusion dimension whereas power interactions regarding actual confrontations and conflict resolutions are part of the control dimension (Halkias & Adendorff, 2016). Each of the dimensions will now be briefly discussed.

Inclusion (power structures)

Inclusion explores how interactions regarding structure, connectedness and shared meaning exist within the family business. Issues regarding inclusion often arise when there are differing perceptions about who should be included in running and decision-making in the family business. The three sub-elements of inclusion help to better understand how these issues can be explained. The first, structure, is concerned with who is 'in' and who is 'out' of the family business and how the business assigns roles and responsibilities. The second, connectedness, reviews how well-connected (or bonded) members of the family business are. The third, shared meaning, concerns how the family views itself in relation to the outside world. As explained previously, these three sub-elements of inclusion reflect power structures within family businesses. Doherty et al. (1991) suggest that inclusion is the *sine qua non* for successful resolution in the control and integration dimensions.

Control (power interactions)

The control dimension refers to the regulation of interaction between members of a family group when conflict occurs (Haberman & Danes, 2007). It has three sub-elements: dominating, reactive and collaborative. Understanding each of the elements can help to work through conflict problems in family businesses, in this sense they could be viewed as a way to manage conflict (Danes et al., 2002). As this dimension addresses the type of power and influence exerted between individuals, it is necessary to understand how individuals relate to each other within the business system considering their family position.

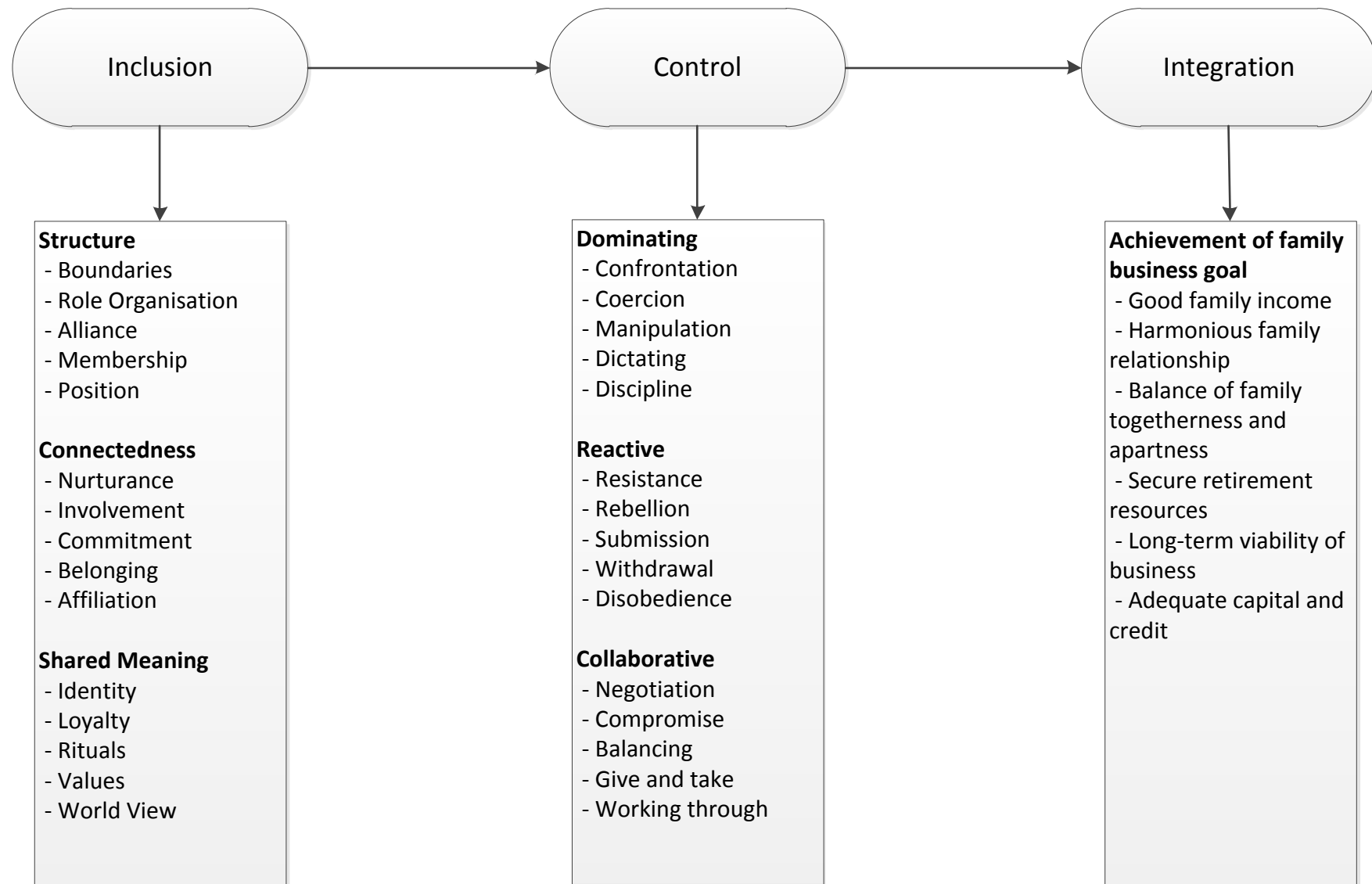


Figure 7 - The fundamental interpersonal relationship orientation (FIRO) model (Danes et al., 2002)

Integration

The final dimension, integration, can be approached only after the previous two dimensions have been adequately addressed (Danes et al., 2002; Doherty et al., 1991). It is the successful negotiation of inclusion (power structures) and control (power interactions) which determines the unification of the family with regard to the business (Haberman & Danes, 2007). Integration brings together interactions among family members in order to achieve the business goals.

Danes et al. (2002, p. 41) state that the FIRO model *“provides a further guide to understanding not only the interactional process that occurs in time of change but also the developmental sequence that is critical in addressing inevitable tensions and disagreement that tend to arise during these times of change”*. Clearly, when a succession event take place within a family business, this would be considered a ‘time of change’. Thus, when reflecting on one of the key questions of this thesis: What challenges do family businesses face when undertaking the succession process? [and] why do they arise?, the FIRO model could be useful in reflecting upon the ‘what’ and ‘why’ aspects of this question.

The work that was carried out by Danes et al. (2002) is the only point at which the Family FIRO model has been empirically tested (on farming couples). It is, however, widely viewed as a clinical assessment which is focused primarily on practical applications rather than research (Danes et al., 2002; Doherty et al., 1991; Parr, 2000). Danes et al.’s (2002) refinement of the Family FIRO has been applied in fields such as family counselling for obesity (Morrissette & Taylor, 2002; Wong, 2011) and family centred care for Alzheimer’s disease (Schaber, 2003). In these areas the model has been used as a problem simplification tool which has enabled clinical interventions and priorities to be integrated into treatment plans. An extensive search of the literature

highlights a lack of critique of the Danes et al. (2002) family FIRO model, this may be as a result of the lack of empirical data for scholars to challenge.

2.7 Summary

This chapter has critically reviewed the extant literature that supports the research questions that this thesis has set out to answer. Accordingly, the chapter has explored literature on governance in family businesses and the succession process. The chapter began by outlining the definition of a family firm and their impact on the macro business environment. This section also included a discussion of the attributes of family firms compared to non-family firms, and the associated advantages and disadvantages. Next, there was a discussion of the three main theories associated with governance and how scholars apply and view these theories in relation to family firms. Following on from the theoretical discussion, the literature surrounding the practical governance mechanisms in family firms was examined. The review then moved on to the succession process in family firms, first discussing what the process involved, including some of the terminology that often appears in the literature. This was followed by a discussion of the challenges for the succession process, undertaken from different perspectives, namely, the founder, women and the several different relationship challenges. The literature review concluded by presenting a model named the Family FIRO model, which helped to ‘make sense’ of the previously reviewed relationship challenges. The next chapter will explain how the methodology has been designed enabling the author to collect data to answer the research questions.

Chapter 3: Methodology

My aim is not to teach the method that everyone ought to follow in order to conduct his reason well, but solely to reveal how I have tried to conduct my own (Descartes, 1960).

3.1 Introduction

This chapter explores the ontological and epistemological commitments combined with the methodological choices that have been made throughout the author's research journey. Within the section on methods, there are detailed accounts of how data have been collected and subsequently how those data have been analysed. As such, the chapter is guided by a set of 'steps' in order to ensure that the reader is guided through the reasoning behind each methodological decision. The chapter culminates by reflecting upon how the research questions have evolved and developed throughout the research process, how rigour has been included within the data collection and analysis methods, the ethical considerations that were taken into account and finally reflections on potential limitations of the method.

3.2 Research choices

As with all research projects, the individual who is undertaking the work has influence on the design and execution of the work. This section gives an overview of how I, as the researcher, have made certain ontological, epistemological and methodological decisions which have 'shaped' or 'crafted' the work (Watson, 1994). Following the argument of Corlett (2009, p. 79) this thesis is my 'construction'. It is important to recognise that while I have made choices, the process of construction has not always been "*deliberate or intentional*" or "*conscious*" (Potter & Wetherell, 1987, p. 34). With this in mind, this chapter is reflexive in style and, in places, uses the personal pronoun to describe the 'struggle' that I have had with the emergent and "*messy*" (Denzin, 1997, p. 246) process. This is supported by Holliday (2016, p. 128) who suggests that: "*the researcher, by using 'I', can create 'a different, more transparent relationship with her readers' as 'she tries to make it very clear what her own opinions are'*".

As discussed in the introduction, this chapter is designed around a number of ‘steps’ to ensure that the reader is clear about how methodological decisions have been made. These ‘steps’ can be seen in Figure 8 and draw upon Bryman and Bell’s (2011) conceptualisation of how to apply management research methods. The figure, however, has been adapted in order to meet the needs of this particular research project.¹⁰

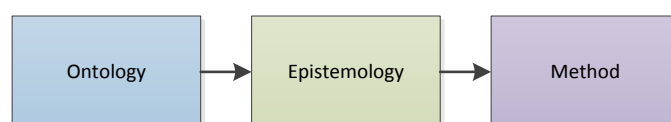


Figure 8 - Methodology overview (Bryman & Bell, 2011) - adapted by author

3.3 Research context

Understanding the context of the research is important for the reader because it helps to demonstrate how the research has evolved over time. The aim of this short section, is to provide the reader with some brief insights into the context of how the research has developed over time which, in part, justifies some of the reasons for the author making particular decisions. The thesis has been through a number of iterations which have facilitated further reflection since the original data were gathered and analysed. This reflection has resulted in re-analysis of the data that were originally collected. During the process of re-writing various sections of the thesis, the research questions have changed which has meant differing approaches to the research (method) design. This version of the research is the culmination of the author’s struggle with various paradigms, philosophies and collection and analysis methods. As the research has naturally ‘evolved’ over a six-year period, analysing the data (in this version) has been difficult because the author has been forced to ‘forget’ the previous decisions and had to ‘look’ at the data and research design through ‘fresh eyes’. The next section will begin

¹⁰ In Bryman and Bell’s original model there was a third stage entitled ‘Methodology’ which appeared after ‘Epistemology’ and before ‘Method’. This was not included in the author’s version as elements of ‘Methodology’ have been included in the ‘Method’ section of this thesis.

to explore how my ‘beliefs’ as a researcher have underpinned this thesis, starting with Ontology.

3.4 Ontology

To understand the fundamental nature of ‘being’ and ‘the world’ is the main concern of a traditional branch of philosophy called metaphysics (Schlesinger, 1981). The core stream of metaphysical research is ontology, which focuses specifically on the nature of ‘being’. It has been suggested (Peterson, 1996) that the notion of ontology was first mentioned in a poem entitled ‘On Nature’ by Parmenides (c 515 / 540 BCE). Using a translation by Burnet (1892) one is able to see that, in section III, Parmenides states “*for it is the same thing that can be thought and that can be*”. In this first connection between thought and being, scholars can begin to consider the nature of reality. More simply, it is the first known occurrence of the connection between what one thinks exists and what actually exists.

Scholars have differing opinions about how the nature of being can be understood. Table 5 highlights how different ontological perspectives consider truth and facts.

Ontology	Realism	Internal realism	Relativism	Nominalism
Truth	Single truth	Truth exists but is obscure	There are many ‘truths’	There is no truth
Facts	Facts exist and can be revealed	Facts are concrete, but cannot be accessed directly	Facts depend on viewpoint of observer	Facts are all human creations

Table 5 - Four different ontologies Easterby-Smith, Thorpe and Jackson (2015, p. 50)

An ontological commitment demands that individuals question the fundamental nature of truth (Easterby-Smith, Thorpe, & Jackson, 2015). Table 5 demonstrates a range of ontological commitments that are used to describe the nature of truth. My ontological commitment is constructionism which aligns closely with relativism (Bryman & Bell, 2011; Crotty, 2009). Relativists assume that the way individuals construct meaning is unique to them and is a construct of their own mind (Easterby-Smith et al., 2015). This

is in contrast to realism for example, which suggests a positivist (Easterby-Smith et al., 2015) view of the world where there is one single truth and that facts exist independently of the way humans think about them, moreover that they can be deduced and shown or proven (Popper, 1959). The next section will further explore constructionism in light of previous research.

3.4.1 Constructionism vs. constructivism

It is important to understand from the outset why the term ‘constructionism’ has been used for this thesis rather than ‘constructivism’. The literature on constructivism often makes reference to Piagian theory (Burr, 2003), concerning the four stages of cognitive development. Essentially this theory is linked to constructivism as constructivism suggests a person is “*actively engaged in the creation of their own phenomenal world*” (Burr, 2003, p. 19). According to Burr (2003), constructivist psychologies regard each person as defining the world around them according to their own ‘constructs’, thus the world is perceived differently by every individual and therefore it could be considered that we all ‘inhabit’ different worlds (Kelly, 1955, p. 19). However, Kelly (1955) further argues that it is our ability to appreciate different individuals’ constructs and accordingly adapt our own which creates, what he terms, ‘sociality’. In the same vein, while highlighting the distinction between constructivism and constructionism, Crotty (2009, p. 58) states: “*It [constructivism] suggests that each one’s way of making sense of the world is as valid and worthy of respect as any other*”. Due to similarities in the ways that the two terms are described, Burr (2003) has suggested that the two terms be merged and known as ‘constructionism’. For this reason, this thesis will adopt the term ‘constructionism’.

3.4.2 Constructionism as an ontological commitment

Bryman and Bell (2011, p. 22) state that: “*constructionism is an ontological position which asserts that social phenomena and their meanings are continually being accomplished by social actors*”. In other words, the interaction that goes on between people and how sense is made of that interaction is constantly being “*established,*

renewed, reviewed, revoked [and] revised” (Strauss, Schatzman, Ehrich, Bucher, & Sabshin, 1973, pp. 316-317), by those people involved. Thus, a researcher who commits to constructionism, acknowledges that he/she is presenting a *“specific version of social reality, rather than one that can be regarded as definitive”* (Bryman & Bell, 2011, p. 22). As such, I have decided to adopt constructionism as the ontological commitment that will underpin this research. Crotty defines constructionism in the following way:

All knowledge, and therefore all meaningful reality as such, is contingent upon human practices, being constructed in and out of interaction between human beings and their world, and developed and transmitted within an essentially social context (Crotty, 2009, p. 42).

Although Crotty’s (2009) definition is in line with his classification of constructionism as an epistemological, rather than ontological, commitment (as he discusses knowledge), it is still useful in helping to understand the term. The basic premise remains that objects do not have meaning waiting to be discovered; rather meaning is created by interaction between humans and the world (Crotty, 2009; Saunders, Lewis, & Thornhill, 2009). Moreover, the world, and objects within the world, would not be conceivable as they are without the human mind, and thus meaning is not discovered by humans but is constructed by them (Cunliffe, 2008).

My research focuses on individuals within family businesses and how they construct meaning about, and make sense of, governance and succession. I want to understand how the family members have experienced the governance and succession, moreover, how these experiences have ‘shaped’ their understanding of the world. By gaining an understanding of the multiple ‘truths’ and meanings described by participants I, as the researcher, will gain insights into the multiple ways to appreciate governance and succession. The individual experiences which have been lived are informed by the social entities (groups) to which individuals belong and the subsequent social constraints which are placed upon them (Bryman & Bell, 2011). This concept of social constraints links with ‘social constructionism’ and develops the constructionist ontology into an

epistemological commitment. In describing social constructionism, Crotty states that “*we enter a social milieu in which a ‘system of intelligibility’ prevails*” (Crotty, 2009, p.54). In other words, when we are born into the world, a system of significant symbols exists into which we are gradually socialised by those around us. Upon seeing the world for the first time we are doing so through the eyes of those who have given us life, and our reality, or the way in which we see things, is influenced by our culture. It is this rich cultural insight into particular circumstances, within family businesses, that will make this research unique and interesting.

3.5 Epistemology

Epistemology is the branch of philosophy which is concerned with understanding the nature of knowledge (Bryman & Bell, 2011; Crotty, 2009). In research, epistemology provides the philosophical basis for the method within the research project (Crotty, 2009; Symon & Cassell, 2012). The origins of social constructionism can be traced back to a range of intellectual traditions: sociology; social philosophy; and the sociology of knowledge (Cunliffe, 2008). However, the latter, sociology of knowledge, is the foundation upon which Berger and Luckmann (1966) wrote their book *The Social Construction of Reality* which is now recognised as the origin of social constructionism (Cunliffe, 2008). Berger and Luckmann (1966, p. 13) explain that: “*reality is socially constructed and that the sociology of knowledge must analyse the process in which this occurs*”.

A more modern interpretation by Cunliffe (2008, p. 124) describes social constructionism as based on the idea that “*social reality is not separate from us, but that social realities and ourselves are intimately interwoven as each shapes and is shaped by the other in everyday interactions*”. This aligns with Cunliffe’s (2008, p. 127) interpretation of a social constructionist orientation that is concerned with “*subjective or intersubjective realities*”. In more simple terms, Cunliffe is describing an orientation where reality is negotiated by individuals, each bringing their own ways of making sense

of the world, within a broader social context. Cunliffe (2008, p. 127) describes how the focus of research is to understand “*how individuals make sense of their surroundings ...negotiate some sort of collective meaning and [the] impact of that collective meaning*”. In this thesis, the research focuses on individuals within family businesses and gaining insights into how they understand and make sense of governance and succession processes.

My ontological and epistemological commitments have shaped the research questions and the way they are posed. They have been designed to be exploratory in style to allow meaning to emerge from the data. They allow me to explore the multiple meanings that may emerge in relation to governance and succession processes in family firms, while retaining focus. In Section 3.6.1, a discussion regarding how the research questions have changed and emerged during the research process will take place. The methods chosen to collect and analyse the data will be outlined in the next section.

3.6 Method

This section is divided into two distinct areas: collection methods and analysis methods.

The first discusses the way in which collection methods were employed in order to collect the data. The second section discusses the methods used to analyse the data.

3.6.1 Initial research steps and reflections on the development of the research questions

The inspiration to undertake this research initially stemmed from my experience in practice. For a period of one year I carried out some management accounting consultancy for a family business in the North East of England and, while there, experienced a ‘eureka moment’ when witnessing family members arguing about female employees’ right to maternity pay. At that moment I was struck by a question which subsequently formed the basis for my research project: How does governance in family businesses relate to the succession process? After preliminary research, I found that succession, as an area of research, was prominent in the academic literature on family

business and decided it would be a fascinating subject on which to base my doctoral thesis.

As discussed towards the end of Section 3.5, the research questions within this thesis have emerged and evolved during the process. As such, it is important for me to explore this emergence, sharing thoughts about how and why the changes have occurred.

Accordingly, Research Question 1 (How does governance ‘work’ in family businesses?) was not the question that was originally drafted at the beginning of the process. The themes that emerged from the analysis led me to ‘look’ at the structure of the thesis in a different way and so the original question (How do family businesses understand corporate governance in relation to succession planning?) was far too restrictive in its scope. Holliday (2016, p. 33) states:

...research questions can also change as the research moves on from the initial concept. Initial research questions lead the researcher to investigate in a certain direction; but within this process there will be unforeseen discoveries that raise further or different questions.

In line with this, I think that the original question presupposed that individuals in family businesses might share my understanding of what corporate governance was, as informed by my knowledge of the literature. Moreover, it was too prescriptive in assuming that a relationship between the two concepts, governance and succession planning, already existed in the families I interviewed. In addition, while conducting initial analysis of the data, it became clear that the term ‘succession planning’ was being used to describe two things. The first was the actual plan, a representation, physical or non-physical, of the intentions of the family regarding the process of managing leadership or ownership transition. The second was the realisation of that plan through an ‘event’, i.e. the point of transition. In addition, ‘succession planning’ became a ‘catch all’ term for any issue surrounding succession, even though the issue may not have been about the plan itself. By ‘listening’ to the data, I decided to change the term ‘succession planning’ to ‘the succession process’ in Research Questions 2 and 3. The newly worded

questions allows for themes in the data to emerge naturally about the concept of governance and the succession process, no matter how they were conceived by individuals. Research Question 3 explores how governance arrangements relate to the succession process, but only after the participants (through the natural evolution of themes) are able to articulate their personal meanings of governance and succession. The final version of the research questions is re-presented in Table 6.

Research questions
1. How does governance 'work' in family businesses?
2. What challenges do family businesses face when undertaking the succession process? Why do they arise?
3. How do governance arrangements within family businesses relate to the succession process?

Table 6 - Research questions

3.6.2 Collection methods: research design and interviews

Semi-structured, in-depth interviews explore natural language data which provide insights into social and organisational realities (Easterby-Smith et al., 2015). Easterby-Smith et al. (2015, p. 126) state *"this [insight] takes place through discovering the views, perceptions and opinions of both individuals and groups through the language they use"*. The notion of perceptions is consistent with Kvale (1996) who suggests that interviews should aim to gain insights into the participants' meanings and interpretations of phenomena of the world around them.

Interviews can be conducted in many different ways depending on the type of research (Bryman & Bell, 2011; Easterby-Smith et al., 2015) and in this case I decided to adopt an semi-structured, in-depth approach. According to Burgess (1982, p. 107):

[The interview] is...the opportunity for the researcher to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid...accounts that are based on personal experience.

Jones (1985) argues that no research exists without presupposition, implying that all researchers approach interviews with a preconceived notion of the research area. In this case I possessed a broad knowledge of the family business literature which aided the semi-structured interview process as I was able to change the interview direction

depending on new, interesting, and perhaps unexpected, subject areas which arose (Bryman & Bell, 2011; Easterby-Smith et al., 2015; Jones, 1985). The exploratory style is consistent with King (2004), who advocated that the main aim of the interview is to gain insight into the participants' perspectives, including why they have a particular viewpoint.

Participants were asked a series of 14 questions. The first five were general 'ice breaker' questions which allowed the participants to 'ease into' the interview and provide a general background to their business. Questions six to 14 were based around the research questions which the thesis seeks to explore. This provided a 'road map' upon which to base the interview, whilst allowing flexibility to build upon, or ask more specific questions in light of a participant's particular response. In some cases, due to the semi-structured approach, the interviews became free-flowing, akin to conversations (Easterby-Smith et al., 2015), where the content of the questions caused interviewees to consider their own business practices and reflect upon the current challenges they were facing. This type of 'rich' data was vital to the study as it helped understand the individual challenges that affected these family business members; therefore, I was conscious not to discourage these expressions. As with the theory of free-flowing interviews, the participants' responses determined the direction of the interview (Bryman & Bell, 2011; Easterby-Smith et al., 2015).

As a researcher, interested in gaining certain information (i.e. knowledge about the phenomena of interest), bias is likely to occur, especially in free-flowing conversations. However, I employed specific techniques which helped me gain a deeper understanding of participants' responses (King, 2004; Kvale, 1996). Throughout the interviews these techniques and strategies, which are widely cited in the academic literature (Bryman & Bell, 2011; Easterby-Smith et al., 2015), developed and changed depending upon the scenario as it was revealed (i.e. depending on how the participant reacted to a question, I employed different strategies to gain a deeper understanding of meaning) (Holliday,

2016). These techniques, known as ‘laddering’ and ‘probing’, will now be explored in more detail.

3.6.2.1 Laddering and probing

In line with the previous studies, the terms laddering and probing will be used together (Gordon, 1997/98; MacDougal, 2000; Price, 2002; Reynolds & Gutman, 1988; Russell, 2013). It is recognised that within qualitative data collection, particularly when an unstructured or semi-structured interview is used, a certain amount of laddering and probing into thoughts and, in some cases, the private lives of the respondents, is required (Gordon, 1997/98; MacDougal, 2000). The key consideration is how this can be achieved in an ethical manner (Price, 2002).

The technique of laddering and probing involves:

...a tailored interviewing format using primarily a series of directed probes, typified by the “Why is that important to you?” question, with the express goal of determining sets of linkages between the key perceptual elements across the range of attributes, consequences and values (Reynolds & Gutman, 1988, p. 25).

A similar definition is offered by Easterby-Smith et al. (2015, p. 129) who say that laddering “*will help the respondent move from statements of fact or descriptive accounts about the questions posed upwards in such a way that they gradually begin to reveal the individual’s value base*”. I utilised a range of techniques depending on the situation and the question being asked. Such techniques are detailed in Table 7 from Reynolds and Gutman (1988), showing each of the techniques (probes) I used. The technique, or probe, I employed depended very much on the individual being interviewed and my ability to ‘read’ how that individual would respond to certain types of questions. Some participants gave very long and detailed responses which did not require me to employ laddering and probing techniques to encourage them to talk, but instead use of the ‘uh-huh’ probe in order to ensure the participant knew I was interested in the response. In some cases, with these ‘types’ of participants, I also used ‘baiting’ probes in order to elicit an opinion about a topic I had already discovered from another family member.

This was done only for those topics which I knew were not confidential to the originator. For example, one incumbent discussed how he had fired an externally appointed member of staff who was potentially going to be the next CEO. In his interview he extensively discussed the impact this had had on the succession planning process for the family and the business. In my interview with other family members I used this knowledge to gain insights from other family members by 'baiting' them into the discussion. In contrast some participants were quite reluctant to speak about their feelings and problems within the family business. As a result, more inductive probing was necessary to encourage the participant to speak openly. In these cases, 'echo', 'tell me more' and 'probing by leading' were often very useful. The most commonly used probe of this type would be 'tell me more', where I asked the participant to give me more detail around something he/she had discussed. Often this led to the participant expanding his/her response but also sometimes led to further conversation in a snowball type way.

Type of probe	Explanation
Silent probe	Remaining silent and allowing the respondent to 'muse aloud'
Echo probe	Consists of repeating the respondent's last point and inviting him/her to continue or develop that further
Uh-huh probe	Respondents encouraged to continue with their account by periodic and non-committal indications of researcher interest in what is being said. Phrases such as "Yes, OK" or "Yes...I see" might be substituted
Tell me more	Explicit invitation to the probe respondent, asking him/her to tell the researcher more about a phenomenon (without echoing). May indicate the nature of the additional information sought, for example "can you tell me precisely why you felt like that?"
Long question probe	Asking a longer question which hints that a full answer is sought. For example "What is it like struggling with succession planning?"
Probing by leading	Offering provocative questions, that encourage a respondent to take a stance. For example, "Don't you think that everyone should be treated equally in the family business, regardless of age and gender?"
Baiting	The researcher implies they already know something in order to prompt the respondent to reveal even more. For example, "I know that there have been problems in the business with 'outsiders' how do you deal with the issues that have arisen?"

Table 7 - Table of laddering/probing techniques from Reynolds and Gutman (1988) - adapted by author

3.6.3 Interview procedure

Each participant was provided with a document detailing the process two days before the interview, however questions were not given in advance in order to reduce in chance of the participants 'agreeing' answers before, thus reducing data bias. Each participant was interviewed at a location which was convenient to them, in all cases this was at their firm's headquarters. The decision to interview participants in their chosen surroundings was to ensure they were at ease as, due to their nature and sensitivity, conversations may be more restricted if conducted in public or an unfamiliar location. I took, to each interview, a printed copy of the questions. The printed copy of the questions had space for me to write notes about follow up questions, body language and other things I observed during the interview.

All interviews were recorded using digital audio equipment and, in compliance with ethical procedures (Northumbria University, 2014), were subsequently removed from the device and stored securely. The audio recordings and the hand-written notes were used when transcribing the interviews to subsequently aid the process.

3.6.4 Sampling and access

Within management research it is important to set the boundaries of the work which is being undertaken (Bryman & Bell, 2011; Easterby-Smith et al., 2015). The following section will define the sampling strategy. Commonly family firms tend to be secretive and private (Davis, 1983; Harris, Martinez, & Ward, 1994), thus, in order to gain access, it is often a personal contact or recommendation from another family business that is the enabler. In addition, the nature of the data gathering method (in this case, interviews) meant that participants would be required to engage in a face-to-face meeting and commit a different amount of time compared to the completion of a survey. These types of issues were important to consider prior to employing a specific sampling method.

I conducted interviews at seven family firms and within each, at least two family members were interviewed leading to a total of 16 interviews. The participants interviewed in each family business, can be seen in Table 8 below.

Company Identifier	Participants
Family Business 1 (FB1)	Father
	Son
Family Business 2 (FB2)	Father
	Daughter
Family Business 3 (FB3)	Father
	Son
Family Business 4 (FB4)	Father
	Son
Family Business 5 (FB5)	Mother
	Son
Family Business 6 (FB6)	Father (Brother)
	Aunt (Sister)
	Daughter (Niece)
Family Business 7 (FB7)	Father (Husband)
	Mother (Wife)
	Son

Table 8 - Participants

It was important that at least two generations were interviewed in order to effectively understand the issues surrounding succession from both incumbent and (potential) successor points of view. In some businesses, more than one member of the incumbent-generation was interviewed, where warranted by the ownership structure. The sampling strategy did not control for the gender of the participants because this was not the focus of the research questions.

As with all academic studies, identification of the scope of the project is important because it provides ‘boundaries’ for the work (Bryman & Bell, 2011; Symon & Cassell, 2012). With this in mind, I decided to only include family businesses that were 100% family owned, meaning all shares had to be owned by blood relatives. In other words, family-ownership was the overriding consideration. The inclusion of partial family-owned businesses would introduce a further ‘dynamic’ which is beyond the scope of the research questions. In terms of geographical location, the original plan was to restrict the

businesses to those in the North- East of England. However, due to access issues this too was removed and a national approach adopted.

The main personal challenge was gaining access to participants. Prior to commencing the project, I established contact with the Institute for Family Business (IFB) in the UK and attended its national conference in the summer of 2011. At that point the Institute expressed a willingness to help me by allowing me to use its membership lists. However, it soon became apparent that this would not be possible because it did not want to ask their members' permission. My subsequent search involved using contacts in the legal sector in order to gain access through their clientele. I also used a contact within Coutts Bank to discuss the types of businesses I could approach. I finally contacted Families in Business (FIB), an organisation founded by a former CEO of a family business, which was able to introduce me to some of the participants included in the final sample. Other participants were secured through personal contacts and those of my supervision team. In addition, some of the families I interviewed made recommendations to other family businesses with whom they were associated.

The sampling strategy therefore developed into a mixture of convenience and snowball. Bryman and Bell (2011) highlight two main contexts in which convenience sampling is most appropriate. The first is by virtue of accessibility, where researchers would access the data available to them in order to create the sample. This is not to suggest that the researcher will take the first available lead, but at the same time the researcher understands that there is limited access to the given subject, therefore he/she must 'take what he/she can get'. The second context is those cases where data from convenience samples emerge and are "*too good an opportunity to miss*" (Bryman & Bell, 2011, p. 190). More important is the opportunity which may arise to present a "*springboard*" (Bryman & Bell, 2011, p.190) onto further research participants. This concept of 'springboarding' links to snowball sampling which is where the second sampling strategy

can be seen within the research. Studies into succession and family firms have used snowball sampling (Bird, Welsch, Astrachan, & Pistrui, 2002; Venter, Boshoff, & Mass, 2005). Bryman and Bell (2011, p. 193) justify using snowball sampling when,

...there is no accessible sampling frame for the population from which the sample is taken, and the difficulty of creating such a sampling frame means that such an approach is the only feasible one.

With family firms the focus is on the accessibility of the respondents and, due to the reluctance of individuals (Brockhaus, 1994) within these types of firms, it is essential to have a personal contact or connection, with an element of trust already existing between the researcher and the participant. This is not to say that there is a relationship which would compromise the rigour of the study, rather a recommendation from one family firm participant to another is sufficient to establish trust.

Naturally convenience and snowball sampling strategies have limitations. The aim of this study is not to have a completely representative sample, rather to gain insight into experiences, thoughts and opinions of family members in family businesses about governance arrangements and the succession process. Moreover, I recognise that, in line with my philosophical commitments, individuals will construct meanings differently. However, where possible, I have taken care to include businesses from a range of industries, succession positions, turnover and geographical locations. Table 9 indicates the demographics of the sample on which this research is based.

Company Identifier	Participant Identifier	Incumbent or successor	Generation Notation	Generation	Business Industry	Annual Business Turnover (£)	Number of Employees	Number of Family members employed	Business Operations
Family Business 1 (FB1)	Father	Incumbent	GEN2	2	Leisure Care	£60 million	2500	4	UK: National
	Son	Successor	GEN3	3					
Family Business 2 (FB2)	Father	Incumbent	GEN3	3	Building	£3-4 million	28-32	3	UK: South
	Daughter	Successor	GEN4	4					
Family Business 3 (FB3)	Father	Incumbent	GEN1	1	Building	£2.5 million	16	4	UK: North East
	Son	Successor	GEN2	2					
Family Business 4 (FB4)	Father	Incumbent	GEN4	4	Funeral Directors	£10-11 million	103	7	UK: Midlands
	Son	Successor	GEN5	5					
Family Business 5 (FB5)	Mother	Incumbent	GEN2	2	Consulting	£1.35 million	29-30	4	UK: National
	Son	Successor	GEN3	3					
Family Business 6 (FB6)	Father (Brother)	Incumbent	GEN2F	2	Manufacturing Retail	£10 million	230-240	4	UK: North East
	Aunt (Sister)	Incumbent	GEN2A	2					
	Daughter (Niece)	Successor	GEN3	3					
Family Business 7 (FB7)	Father (Husband)	Incumbent	GEN1F	1	Building	£150,000	5	3	UK: North East
	Mother (Wife)	Incumbent	GEN1M	1					
	Son	Successor	GEN2	2					

Table 9 - Alternative details about participants and businesses in the sample

3.6.5 Pilot study

One company was chosen for the pilot study, from which three family members were interviewed (two from generation two (incumbents) and one from generation three (successor)). Two of the interviews (one from each generation) occurred in one day and the third approximately two weeks later. Each participant responded favourably to the interview. Throughout the three interviews no problems with the method transpired. At the end of each interview, the participant was asked to comment upon how well they felt they had understood the interview process including the questions they were asked. In addition, they were asked whether the interview could be improved in any way or whether certain areas lacked clarity. No changes were suggested to the interview style or questions. The interviews undertaken as part of the pilot study were included as part of the final data sample. Given that there were no changes to the format, structure or content of the questioning, this did not have any impact on the data which was generated and subsequently used in the analysis. The original pilot interview did include an exercise which involved participants sorting values. This was part of a method that was originally planned to be part of the research. As the work has evolved, this element was removed and thus does not feature in the thesis.

3.6.6 Analysis methods: an overview

Making the journey from a raw corpus of data to ‘writing up’ posed great challenges for me as a researcher. I spent considerable time trying to understand how best to analyse the large amount of data I had collected. From the outset of this section I am going to use a diagram which Holliday (2016) uses to help researchers on their writing journey. I found this diagram (Figure 9) to be very helpful when trying to navigate the ‘messy reality’ of data collection through to formulation of themes and ‘writing up’ my findings and analysis. This diagram and subsequent explanation allowed me to understand how to ‘look at’ qualitative data in a way I had previously not appreciated, for example, allowing the data to ‘drive’ the creation of themes and the messy reality of data analysis. In the diagram Holliday (2016) looks at four key elements in the journey of writing: ‘corpus of raw data’, ‘data analysis’, ‘creation of themes’ and ‘text of data discussion’. The following section will explain the approach I

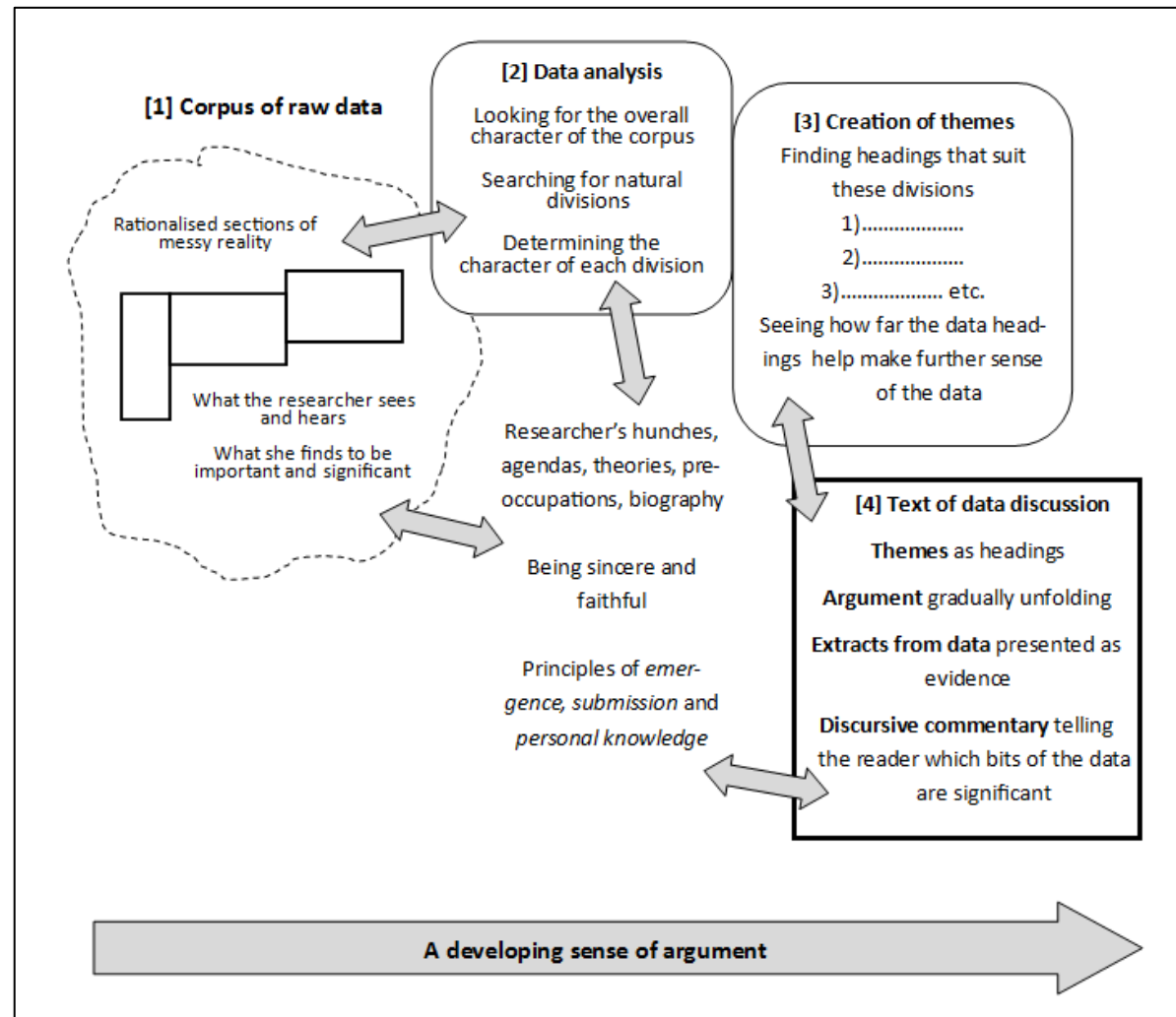


Figure 9 - 'From data to writing' (Holliday, 2016, p. 99)

adopted in order to structure my data analysis. The approach describes a specific process, showing how I ‘moved through’ the aforementioned elements (‘corpus of raw data’ through to ‘text of data discussion’).

3.6.7 Coding the data: a thematic approach

Having grasped the overarching approach to qualitative data analysis, I had to decide how I was actually going to analyse the ‘corpus of raw data’ and subsequently present the data. After reading about various analysis techniques I finally decided to adopt a thematic approach.

According to Braun and Clarke (2012, p. 57) thematic analysis (henceforth TA) is:

...a method for systematically identifying, organizing, and offering insight into patterns of meaning (themes) across a data set. Through focusing on meaning *across* a dataset, TA allows the researcher to see and make sense of collective or shared meanings and experiences.

The idea that TA would allow me that ability to understand shared meanings and experiences of family members within family businesses gave me confidence that the analysis method would enable me to gain meaningful and unique insights from the data. As such I took an inductive approach to the coding of my data which allowed the subsequent theme development to be driven by the data rather than my own pre-conceptions (Braun & Clarke, 2012). Of course the extent to which one can be truly inductive is debatable given the relationship between the researcher and his/her data. Holliday (2016, p. 103) reminds researchers that:

Often the themes have been growing within the researcher’s mind through the whole research process...the way in which the researcher sees the data will be influenced by her ‘own background and latent theory’, which means that ‘the construction that emerges through this practice is but one of the many possible constructions of reality’ and that ‘no other scholar would discover the same categories’ (Erlandson, Harris, Skipper, & Allen, 1993, p. 118).

This extract from Holliday (2016) is important for two reasons. The first is that it supports the notion that the researcher comes with a background which will inevitably impact the way in which the data are coded. Secondly, it highlights that these authors (Erlandson et al., 1993) agree with the idea of socially constructed realities where individuals construct different

meanings from the same data, which is important when considering the importance some scholars place on second coding of data to ensure accuracy (Stemler, 2001; Weber, 1990).

Braun and Clarke (2012) formulated a six-phase approach to TA (Table 10), which I employed in order to physically undertake the movement from a ‘raw corpus of data’ to a fully formulated analysis. I will discuss how each phase of this approach worked within my research project. I have used headings for each section which replicate those used by the authors.

Phase	Description of the process
1. Familiarise yourself with your data	Transcribing data (if necessary), reading and re-reading the data, noting down initial codes.
2. Generating initial codes	Coding interesting features of the data in a systematic fashion across the entire data set, collating data relevant to each code.
3. Searching for themes	Collating codes into potential themes, gathering all data relevant to each potential theme.
4. Reviewing the themes	Checking how the themes work in relation to the coded extracts (level 1) and the entire data set (level 2), generating a thematic ‘map’ of the analysis.
5. Defining and naming themes	Ongoing analysis to refine the specifics of each theme, and the overall story the analysis tells; generating clear definitions and names for each theme.
6. Producing the report	The final opportunity for analysis. Selection of vivid, compelling extract examples, final analysis of selected extracts to the research questions and literature, producing a scholarly report of the analysis.

Table 10 - Phases of Thematic Analysis (Braun & Clarke, 2006)

Phase one: Familiarising yourself with the data

I began familiarising myself with the data by undertaking the transcriptions. I felt that it was important for me to do this personally rather than employing someone to do it for me. Although the process of transcription was long and involved thousands of words of data it gave me an appreciation and ‘closeness’ to the data which was invaluable (Riessman, 1993). I transcribed the data in an orthographic format i.e. a verbatim account (Braun & Clarke, 2006) of what the

participants said, including extensive use of repeated words, pauses, stuttering, laughs and coughs. Although it was not my intention to explicitly include these non-verbal elements in the analysis, when using data extracts in building the overall argument they gave me an additional layer of insight into ‘how’ things were phrased and said without repeatedly going back to the audio recording. In the final analysis I did, sometimes, refer to ‘how’ things were said in the interviews and in some cases I included punctuation marks (such as exclamation marks) to highlight emphasis.

The time between completing the transcriptions and beginning the data analysis process was extended, and so when I began the process I re-familiarised myself with the data. I began by re-reading all of the transcripts several times. After so doing, I read through the transcripts making physical notes in the margin about areas which could potentially become codes and my personal comments on what the participant said. Braun and Clarke (2012, p. 61) describe how the notes the researcher takes at this stage should be “*typically a stream of consciousness, a messy rush of ideas, rather than polished prose*”. In line with Braun and Clarke (2012) I reflected on particular questions while exploring the data. These questions included such things as, how does the participant make sense of his/her experiences of governance arrangements and the succession process? What assumptions does he/she make in interpreting experiences? What kind of insights are revealed through his/her accounts?

Phase two: Generating initial codes

In Appendix C I have included an extract of data and an example of my initial coding of the data, these include my initial reflections from phase one. Once I had completed this exercise on the transcripts, I transferred my initial codes on to ‘post-it’ notes. This process generated hundreds of individual codes and in many cases were “*the most basic segment, or element, of the raw data*” (Boyatzis, 1998, p. 63). Braun and Clarke (2012) discuss how novice researchers

may generate more descriptive codes initially; I think this was certainly true of my initial attempts at this process. However, I did follow the advice to “*code as many potential themes/patterns as possible*” (Braun & Clarke, 2006, p. 19). Given my data-driven, ‘bottom up’ (Firth & Gleeson, 2004), inductive approach to generating codes and subsequently themes (discussed in the next section), many codes were generated to ensure a ‘capture all’ approach. Often codes were generated multiple times as the same codes appeared in transcripts across the entire data set. I discuss how I undertook the process of grouping/ordering the codes into themes in the next section.

Phase three: Searching for themes

Searching for the themes in my data was, for me, the most challenging part of this analysis. I spent around six weeks on this phase (and phase two) due to the complexity and amount of codes and data I had to analyse. Sorting the codes was a challenge due to the volume which had been generated (in phase two). I took the approach of using a clear wall in order to ‘sort’ my codes (on ‘post-it’ notes) into themed groups. Figure 10 depicts my approach to grouping my codes into themes and sub-themes. This photograph was taken towards the end of the process when I had spent several weeks thinking about how best to group the codes. It was inevitably a ‘messy’ and iterative process with a lot of ‘to-ing and fro-ing’ between the data on the transcripts and my coding (Waller, Farquharson, & Dempsey, 2015, p. 165).



Figure 10 - Example of data 'sorting'

I also created a miscellaneous theme which contained codes which did not ‘fit’ in with any of the major themes which emerged from the data. In some cases, these codes were discarded (such as ‘Thespianism’ where participants made reference to words, phrases and ideas associated with acting and the theatre) and in others they formulated some interesting insights into family businesses which are explored in the analysis chapter (such as ‘religious iconography’ and ‘movement’).

Braun and Clarke (2012, p. 63) discuss how:

...some qualitative researchers make reference to “themes emerging from the data” as if their data set was a pile of crocodile eggs and analysis involved watching the eggs until each baby crocodile (theme) emerged perfectly formed, from within. If only it were so easy...

This analogy resonated with me because I did not find it easy to find the balance between allowing the data to ‘speak’ or allowing themes to naturally emerge from the data, without seeking them out. Braun and Clarke (2012, p. 63) further comment that “*searching for themes is an active process, meaning we generate or construct themes rather than discovering them*”.

Holliday (2016, p. 103) reassures researchers that “*the formulation of the themes thus represents a necessary dialogue between data and researcher*”. Moreover, he states:

[Researchers] need to be aware and honest about the influence they bring to their thematic analysis from their original preoccupations, where the themes themselves, although emergent, are also influenced by questions or issues that the researcher brings to the research (Holliday, 2016, pp. 105-106).

Thus the researcher's 'hunches and agendas' will have inevitable influence on the way the themes are developed and 'emerge' (Braun & Clarke, 2006, 2012; Holliday, 2016). This is further supported by Holliday (2016, p. 107) who uses a quote from an interview he conducted with a researcher about how she conducted her analysis in line with the research aims:

When I was carrying out the procedure for the research I had these happenings in mind because this is what I wanted to find out about. Although I ended up slightly altering them, I was lucky that for the things I looked for originally, I felt I found material in the data. I got answers. I didn't know at the beginning what data I would actually get, or what the answers would be.

This highlights that the researcher will have 'happenings in mind' because they are coming to the research wanting to find something out. The important thing is that this desire to 'find something out' does not impede ability to 'see' or 'discover' themes which are outside these pre-existing 'happenings'. For example, from my reading of the literature I expected to find data that highlighted incumbents' unwillingness to 'let go' of the business (see 'Letting go' in Section 5.3.1). However, I did not expect to find themes such as 'position and place' (Section 5.6.1) and the metaphors around religion which became part of a number of sub-themes. In Appendix D I have included a map of my finalised themes and sub-themes.

Phase four: Reviewing potential themes

This phase is particularly important in order to ensure the quality of the themes and codes which support those themes. Braun and Clarke (2012) suggest that researchers should check themes against the selected data extracts in order to ensure that they 'work' in relation to data as a whole and the research questions. During this stage I reviewed all of the themes and sub-themes and the codes which supported them. This led to various iterations of the coding maps (Appendix D) with some sub-themes being collapsed to form more consolidated themes and sub-themes. This

was important in ensuring that themes were concise and relevant to the argument which was to be formulated in the analysis. This approach is supported by Holliday (2016, p. 103) as he explains that: “*the development of themes and the organisation of data are interconnected with the development of an argument. The whole purpose of organising the data is to serve and structure the argument in the written study*”. Braun and Clarke (2012, p. 65) suggest reflecting on the following questions when undertaking this process:

- Is this a theme (it could be just a code)?
- If it is a theme, what is the quality of this theme (does it tell me something useful about the data set and my research questions)?
- What are the boundaries of this theme (what does it include and exclude)?
- Are there enough (meaningful) data to support this theme (is the theme *thin* or *thick*)?
- Are data too diverse and wide ranging (does the theme lack coherence)?

These questions were useful in helping to focus the content of each theme and sub-theme, and subsequently how I addressed changes to them. Although I did this at the end of my data collection (after I had collected and analysed all the data) phases three and four continued throughout the writing process (phase six). In other words, at the end of phase four I had themes and sub-themes with data, but the process did not end there, as I was writing and further refining my work this process became iterative and often I came back to this phase to review the themes and consider their positioning in my arguments. This is generally what Braun and Clarke (2006, p. 21) describe as “*fine tuning*”, however they do stress the importance of not becoming too focused on this process because the changes should only be nuanced rather than restructuring a coding framework which is already in place. The finalised version of the themes can be seen in Chapters 4 and 5 where they are discussed as part of the analysis.

Phase five: Defining and naming your themes

Phase five is about “*deep analytic work involved in thematic analysis, [it is] the crucial shaping up of analysis into its fine-grained detail*” (Braun & Clarke, 2012, p. 67). It is the shaping of the analysis which tells the ‘story’ of each theme, but more importantly how the ‘story’ of each theme fits into the overall research ‘story’ (Braun & Clarke, 2006). I referred to Watson’s (1994) notion of ‘crafting’ research in Section 3.2, and here again it is important to recognise that defining the themes is related to how the researcher ‘crafts’ his/her arguments. Braun and Clarke (2012, p. 67) state that:

Data do not speak for themselves – you must not simply paraphrase the content of the data. Your analytic narrative needs to tell the reader *what* about an extract is interesting and *why*.

In other words, data that are presented must be supported by the author’s ‘voice’ (discursive commentary) in order to ‘craft’ the argument which should gradually unfold in the analysis and discussion (Holliday, 2016). In order to help consistently ‘craft’ my arguments I used Golden-Biddle and Locke’s (1997, p. 58) “*sandwich structure*” approach. This involves researchers “*first explain[ing] how the theoretical point will be evidenced in the subsequent data, then show[ing] that data, and finally tell[ing] what the data showed*” (Golden-Biddle & Locke, 1997, pp. 58-59). This is also known as “*Telling, Showing, and Telling*” (p. 59). The combination of the author’s arguments and data extracts are often referred to as ‘thick descriptions’, they provide “*deep, dense, detailed accounts*” (Denzin, 1989, p. 83). ‘Thick descriptions’ seek to give credibility to the narrative accounts of participants and “*Create verisimilitude, statements that produce for the readers the feeling that they have experienced, or could experience, the events being described in a study*” (Creswell & Miller, 2000, pp. 128-129).

Given my interpretivist approach to ‘crafting’ my argument, I have undertaken an integrated approach to the analysis by including existing research to support my arguments. Put simply, the findings and discussion of the literature are presented together rather than separately. Phase five is also about how to name the themes. I have tried to name the themes identified in one of two ways, the first being short phrases which best describe the phenomena apparent in the data. The second is longer phrases that are either direct quotes from participants that typify the content of the theme, or phrases which capture the imagination of the reader, while still best representing the data and narrative which is contained within the theme. For example, under the major theme of ‘power and control’, one of the sub-themes is named ‘a tug of war’. It captures the essence of the theme because participants use metaphors surrounding ‘ropes’, ‘pulling in different directions’ and ‘tension’ to illustrate how there was a struggle for power and control within the family business.

Phase six: Producing the report

The final phase involves the production of the actual written analysis. However, in line with Braun and Clarke (2012) this was not a linear process. As previously mentioned, I did not complete phases one to five and then ‘write up’ my analysis. In reality phases four, five and six were somewhat fluid and iterative. The process of writing qualitative analysis requires ‘to-ing’ and ‘fro-ing’ between the data and the writing (Waller et al., 2015, p. 165). As mentioned in phase five, I employed a “Telling, showing, and telling approach” each time I presented an extract. In the same way, each theme and sub-theme was presented using this approach. So, each theme or sub-theme started with me telling the reader the theoretical point, I then presented the theme or sub-theme (i.e. the content) and then told the reader what had been shown. This approach was also extended to the two analysis chapters themselves. Although this may seem

overly complex and repetitive, it enables the author to clearly show how and where the overarching meta-themes were emerging.

As the author of the analysis it is inevitable that my ‘voice’ will emerge in the ‘crafting’ of the arguments. However, at times the personal pronoun is used to show where the author has made interventions and ‘choices’ that have ‘shaped’ the analysis. The order of the themes and sub-themes within the chapter was also carefully considered, bearing in mind the way the arguments were ‘crafted’ in relation to answering the research questions. The next section will explore the author’s reflections on rigour within the research.

3.7 Reflections on rigour in the research

Holliday (2016, p. 16) discusses ways to approach rigour in qualitative research (when taking a constructivist approach). He details three points:

- Intervention between the research questions and fieldwork to ensure that the unexpected is able to emerge
- Reflexive struggle with emerging meanings
- Thick description

The discussions that have taken place throughout this chapter have described how these points have been included in the research process within this thesis. The reflections on the development of the research questions highlighted how the fieldwork and, more specifically, the initial analysis it generated, led to refinement of the research questions. In addition, the six-phase method of data analysis, following Braun and Clarke (2006, 2012), explored how the author struggled with emergent means and the associated ‘to-ing’ and ‘fro-ing’ between the ‘corpus of raw data’ to the ‘writing up’ of the analysis. Use of thick description has been described in the six-phase approach, but it will be demonstrated further in Chapters 4 and 5.

Some researchers who work within a social constructionist epistemology may have also included additional ‘measures’ of evaluation to reassure the reader of ‘trustworthiness’. This

inclusion of ‘trustworthiness’ is not applicable for this study because Lincoln and Guba (1985), who developed these alternative ways of considering of ‘reliability’ within qualitative research, did so within the naturalistic paradigm. In addition, Symon, Cassell and Johnson (2016, p. 3) explain how Guba and Lincoln (1989, 1994)

...fail to recognise the possibility of philosophical contradictions between positivist epistemological commitments that demand that inductive descriptions of cultures should correspond with actors’ inter-subjectivity, and interpretivist commitments that suggest that people socially construct versions of reality.

This has led to multiple, diverse approaches to evaluative criteria, often at the level of method, which has caused some challenges because researchers are unable to find ‘common ground’ at this level (Symon et al., 2016). Thus, it is suggested by Symon et al. (2016, p. 3) that it seems more appropriate to have different criteria for different epistemologies. I have, instead, adopted an ‘integrated’ approach to rigour, which runs throughout the method, analysis and discussion chapters.

3.8 Ethical considerations

When undertaking research, it is important to understand when “*ethically important moments*” (Guillemin & Gillam, 2004, p. 262) can have an impact on participants, their organisation or the quality of the research. Throughout this research I have followed the research ethics policy of Northumbria University which has involved obtaining organisational consent from each of the family firms that took part in the study, as well as individual consent from each participant. Interviews were recorded using a digital voice recorder and data were immediately transferred to a password-protected computer to ensure they were stored securely. Transcription was carried out by the author and final versions of transcriptions were read by the supervision team only. The author employed a specific coding technique using letters and numbers rather than names; each family business and participant was allocated a specific alpha-numeric code. This ensured total anonymity for individuals and companies. The author was conscious of the fact that many

participants used the interviews as a vehicle to expose serious problems within their firms, most of which could harm company reputation or indeed family relationships. Consequently, no discussions which occurred between researcher and participant were discussed with other family members and details are kept to a minimum in the presentation of the data.

I feel that it is important to declare that, before the research took place, a professional relationship existed between myself and the participants within FB6. I took steps to ensure that the relationship between myself, as the researcher, and the participants in FB6, was comparable to other interviews within the sample. These steps included reminding the participants that the relationship during the interview should be conducted as researcher and research participant. Sometimes the participants forgot this and disclosed more information about the state of the family because a heightened level of trust existed. During the process of data 'sorting' I was careful not to allow my heightened awareness of issues that were not discussed to influence my approach to coding. With other participants I was able only to use the data that I had 'captured' during the interview, and so I was very careful to employ the same approach when interpreting the data for FB6. However, as this thesis is my 'construction', where my influences, biases and involvements 'shape' the work, I recognise that this relationship may influence the way arguments are presented.

3.9 Implications of methodological decisions for this study

Although I did not set out to capture stories, the issues that arose naturally led to participants recalling their experiences through telling their story or the story of their family business. Kearney (2002, p. 12) explains that, unlike a chronological list of events, a story told by the participant is a *"creative re-description of the world such that hidden patterns and hitherto unexplored meanings can unfold"*. Eisenhardt (1991, p. 621) explains that while *"good story telling may makestudies entertaining to read ...their theoretical impact comes from rigorous method and multiple-case comparative logic"*. Allowing participants the ability to tell their story enables the

research to capture the experiences and emotions that are present within organisations (Gabriel, 1998; VanBuskirk & McGrath, 1992).

Rhodes and Brown (2005) discuss the development of research into management and organisation theory and how these developments relate to the tensions between story and science. Lieblich, Tuval-Mashiach, and Zilber (1998, p. 1) explain that the study of narrative *“has been criticized as being more of an art than research”*. Similarly, Ibarra (2003, p. 156) explains that other scholars have criticised the study of narrative and use of interviews as they create *“the cleaned-up identity a person puts on for the outside world. They never unearth the ‘truth’ because...people can’t resist embellishing their stories...So our stories never reflect objective reality”*.

Given my ontological and epistemological commitments discussed in Sections 3.4 and 3.5, this thesis rejects the notion of a search for truth or objective reality. Instead, it adopts a view which fully accepts the notion of intersubjective realities where meaning and truth are socially constructed. Subsequently, the interpretation of these realities can be different depending on the researcher (Rhodes, 2001).

In the beginning sections of this chapter I outlined how this thesis was my ‘construction’ and subsequently the philosophical assumptions upon which the research is based. With this in mind, it is inevitable that the way interviews have been conducted, data have been interpreted and presented, arguments are constructed and meanings emerge, have been influenced by my individual biases. This will be discussed further, in relation to the thesis as a whole, in the final chapter.

3.10 Summary

This chapter began by discussing the research choices that underpin this thesis. Subsequently, the context of the research was described to enable the reader to gain appreciation of how the

research has evolved over time. This allowed for personal reflection regarding my struggle with the philosophical choices that were made. Subsequently, the ontological and epistemological commitments and the methods that were employed to collect, manage, interpret and report data, were presented. Finally, I reflected upon the evolution of the research questions, rigour in my research and the implications of my methodological choices. Accordingly, this chapter has documented the methodological 'journey' of this thesis. The next chapter will present the findings and the subsequent analysis of the themes that arose when considering Research Question 1.

Chapter 4: How does governance ‘work’?

What the family tell us has force and power that we never quite leave behind. What they tell us is our first syntax, our first grammar, the foundation onto which we later add our perceptions and modification. We are not entirely free to challenge the family’s beliefs as we might challenge any other system of belief. And even when we do challenge, we half disbelieve ourselves (Stone, 1988, p. 101).

4.1 Introduction

This chapter focuses on Research Question 1: how does governance ‘work’ in family businesses? Discussion in this chapter includes commentary on terminology, in particular the way in which participants use three terms: governance, corporate governance and succession planning. For the purposes of Research Question 1 all three terms form part of ‘governance’ in family businesses. The data that are presented show participants using these three phrases to mean similar things, which is, in itself, a finding that will be discussed towards the end of the chapter and later in this thesis. The chapter is structured as follows: the next section provides the reader with an overview of how data are presented using specific notations. After this, each theme is presented in turn and, where applicable, the sub-themes. At the end of each theme there is a summary which demonstrates how data have been analysed and contribute to Research Question 1. The penultimate section of the chapter gives an overview of the meta-themes that emerge from the analysis. The chapter ends with an overall summary of the analysis and discussion that has taken place throughout. The next section will explain the presentation of the data.

4.2 Presentation of the data

Throughout this chapter the participant’s voice will be identifiable by the use of speech marks or indented text, allowing differentiation between my own voice, the participant’s voice and, where appropriate, the literature. When the participant’s voice is being used, each quotation will be referenced to the company identifier table (Table 11). Specific notations will be utilised in order

to make the analysis clear. Each quotation will be referenced to the specific business and generation which is presented, for example FB2-GEN4(S) represents a participant from Family Business 2 - Generation 4, at the end of the notation an ‘(S)’ denotes that the participant is a successor, an ‘(I)’ denotes incumbent. In order to enable the reader to be able to contextualise a participant within the entire family, genograms for each family business can be found in Appendix B. At times the personal pronoun ‘I’ will be utilised in order to show when I, as the researcher, have asked a particular question which has prompted a response. Generally, this will be used when it is necessary for the reader to know the context of the questioning. Throughout the chapter the terms ‘incumbent’ and ‘successor’ will be used in general reference to the older generation and the incoming (younger) generation respectively.

Company Identifier	Participant Identifier	Incumbent or successor	Generation Notation	Generation	Full in-text notation
Family Business 1 (FB1)	Father	Incumbent	GEN2	2	FB1-GEN2(I)
	Son	Successor	GEN3	3	FB1-GEN3(S)
Family Business 2 (FB2)	Father	Incumbent	GEN3	3	FB2-GEN3(I)
	Daughter	Successor	GEN4	4	FB2-GEN4(S)
Family Business 3 (FB3)	Father	Incumbent	GEN1	1	FB3-GEN1(I)
	Son	Successor	GEN2	2	FB3-GEN2(S)
Family Business 4 (FB4)	Father	Incumbent	GEN4	4	FB4-GEN4(I)
	Son	Successor	GEN5	5	FB4-GEN5(S)
Family Business 5 (FB5)	Mother	Incumbent	GEN2	2	FB5-GEN2(I)
	Son	Successor	GEN3	3	FB5-GEN3(S)
Family Business 6 (FB6)	Father (Brother)	Incumbent	GEN2F	2	FB6-GEN2F(I)
	Aunt (Sister)	Incumbent	GEN2A	2	FB6-GEN2A(I)
	Daughter (Niece)	Successor	GEN3	3	FB6-GEN3(S)
Family Business 7 (FB7)	Father (Husband)	Incumbent	GEN1F	1	FB7-GEN1F(I)
	Mother (Wife)	Incumbent	GEN1M	1	FB7-GEN1M(I)
	Son	Successor	GEN2	2	FB7-GEN2(S)

Table 11 - Participant identifier table (simplified)

4.3 Taking a strategic approach

In discussions regarding governance, several participants made reference to examples that implied strategic choices and decisions had been made within the family business that influenced practice. These strategic choices and decisions are broken down into two sub-themes: legal and policy, and finance and ownership. The first sub-theme explores how the external legal regulatory environment and internal policy generation can inform understandings and practises of governance in family business. The second sub-theme explores how decisions regarding finance and ownership can help to understand how governance works in family businesses.

4.3.1 Legal and policy

This sub-theme specifically focuses on participants who made a link between corporate governance and law. In this first example, FB6-GEN2F(I), who is currently a joint CEO with his sister, discusses a link between corporate governance and legal requirements arising from operational business activities. FB6-GEN2F(I) said:

What kind of corporate governance practice in place...? (Sigh) Erm...I suppose you would start by saying we are fastidious about adhering to the law specific to our operations, be that in terms of food safety, health and safety, employment law, the manner in which we handle payments to creditors, er...the fairly transparent way that we deal with er suppliers...

To begin, the participant repeats the question in a rhetorical way, this could be a technique used to stall the interview while he considers a response, however it is interesting that he confirms that I asked about *corporate* governance (this will be explored further in the following discussion). He continues by discussing “*law specific to operations*” in terms of food, health and safety and employment etc. This would suggest that when he is considering corporate governance practice in the business, he thinks about laws that are in place around the operational activities. Although these operational activities are an important part of wider organisational

governance and management, they are issues that are not usually associated with corporate governance, which instead focuses on the arrangements specific to the corporate structure of the company (Cadbury, 1992).

Further exploration of understanding corporate governance in family business can be found in the following extract from FB2-GEN4(S). In some ways this explanation is similar to the previous one, in that this participant also associated corporate governance with law. Some of the language and phrases used make this association very clear. She explained:

Erm...so it's [corporate governance] not just the legislative measures, it's sort of [the] best practice you adopt as well. Making sure you are abiding by the law but also doing the best for the business.

The participant's use of "*it's not just*" as a preceding statement implies that corporate governance is about "*legislative measures*" however it is also about "*best practice*". The phrase "*making sure you are abiding by the law*" gives a clear connection between corporate governance and the law. Use of these terms and phrases would seem to suggest that part of the way governance works in this family business is by considering and complying with the legal aspects of business generally.

FB6 has both a family council and a board of directors. The family council consists of family members who work in the business and have partial ownership of it, as well as those who have partial ownership and do not work in the business. The board of directors had family representation from the family council, the family directors and a non-executive director. In discussing corporate governance, FB6-GEN3(S) explains how the family constitution is the way in which the business' future plans are 'set out' and 'secured:'

...as a family member we have a family council and a family constitution and that for me would be how I would explain what we currently have in the business to secure the future. Or at least set out plans or ideals of how we would like to see the company progress in the future and its family ownership.

FB6-GEN3(S) highlights how the constitution “*explains*” what is currently in the business in order to “*secure the future*”. The way that FB6-GEN3(S) refers to the constitution as containing information would suggest that it is a physical document that has been agreed and documented by the family. KPMG (2011) provide three alternatives to the term family constitution: “...*a family creed, family charter or family agreement*”. The terms “*charter*” and “*agreement*” align with the notion of legalities, whereas “*creed*” has more alignment with notions of religion and belief systems. Further to this, KPMG (2011) state that:

[The family constitution] defines the strategic objectives of the business. It sets out the way in which the family will make decisions affecting the ownership and management of the business.

This notion of “*strategic objectives*” would seem to align with what FB6-GEN3(S) describes in the extract. Both FB6-GEN3(S) and KPMG (2011) describe how the constitution ‘sets out’ future plans concerning ownership of the family business.

The aforementioned example from FB6-GEN3(S) was in discussion of governance generally, however she also mentioned corporate governance specifically. In this discussion, she explains how corporate governance is about a policy and protecting the business:

...to me it [corporate governance] would do something about, it would be something about, erm...maintaining...or [having] some kind of policy in place to protect the business going forward.

This notion of having a “*policy in place*” to ensure the business is “*protect[ed]*”, would seem to align with the formal constitution that was discussed in the previous example. However, in contrast to previous examples in this section, corporate governance is viewed as internal ‘policy’ to protect the business, rather than an external legal response. This idea of a policy to protect the business is more in line with guidance issued by the FRC. For instance, the first line of the UK Corporate Governance Code says,

The purpose of corporate governance is to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of the company (FRC, 2014, p. 1).

The Code is in place to support “*long-term success*” which is very similar to what FB6-GEN3(S) describes about “*protect[ing] the business going forward*”. Part of this would include succession planning in order to ensure stable ownership of the business in the future.

Thus far, through the terminology used by participants, it could be argued that the interpretations of governance have been relatively formal. By way of contrast to this legislative or policy driven approach, two participants explained how their business’ approach to governance arrangements was more informal. FB3 has a turnover of around £2.5million with 16 employees, the recently appointed successor (GEN2(S)) describes a situation where there is no real documentation to support the governance of the business:

...I am the only shareholder basically, there is (*sic*) no other shares or dividends or anything, or shared or split. As in like [a] plan, there isn’t actually documentation, well there probably is, but it’s on a scrap bit of paper.

His interpretation of governance in the business seems to describe the shareholding structure. He goes on to explain that “*there isn’t actually documentation*” about governance in the business and then corrects himself saying “*well there probably is, but it’s on a scrap bit of paper*”. This self-correction seems significant for two reasons. First is the use of the word “*probably*”,

usually meaning ‘that which is almost certain’. Given that FB3-GEN2(S) is now the CEO it is not unreasonable to expect him to know if this kind of documentation exists. This lack of certainty could suggest that within this business, governance is not the main priority. The lack of a formal approach, could suggest that governance exists in another way (which is not disclosed). This apparent lack of a formal approach is further supported by the second significant element of the extract, when he says governance is “*on a scrap bit of paper*”. Use of the word “*scrap*” to describe the condition of the paper upon which the governance arrangements are written, suggests that documenting governance arrangements is unimportant. This offers an alternative perspective on how governance can exist within a business.

With a turnover of around £60million and 2,500 employees, FB1 could be considered comparatively large to other businesses in the sample. The following interview extract shows how FB1-GEN3(I) was asked about his understanding of corporate governance and subsequently how he describes the lack of its existence in his family business:

Interviewer: What do you understand by the term corporate governance?

FB1-GEN3(I): Corporate governance, erm well in a, in a family business setting, I would say erm...how we are structured, what our values are, erm what our goals and aspirations are and how we erm, how we structure ourselves and discipline ourselves in order to achieve those goals I would say.

Interviewer: And does your company have any corporate governance practice in place?

FB1-GEN3(I): No, none whatsoever.

This extract demonstrates that, within the boundaries of the participant’s own interpretation of corporate governance, the family have no corporate governance arrangements in place. The description of corporate governance practice, as offered by the participant, includes arguably

important issues such as structure, goals and aspirations and company values. The proceeding statement “*no, none whatsoever*” suggests that these practices are non-existent within the business, whether that be formal or otherwise.

By way of contrast, FB5-GEN3(S) explained how the business does not have any formal governance in terms of a set of procedures because they put the business first while recognising that it is a legal entity, but that informal arrangements do exist. The following response emerged following a question regarding what kind of governance the family business has in place. FB5-GEN3(S) said:

I wouldn't say [we have anything] formally, though, I think informally we do. I think we are all very much erm...as a family, focused on, you know, putting the business first. We recognise that, you know, from a legal perspective, it is a stand-alone entity, as a limited organisation. Erm...but in terms of a formal sort of, set of rules as it were, or procedures, there's nothing that we hold currently.

This extract would suggest that while the business does not have any formal governance policies or procedures in place, the members of the family are mindful of the legal implications of having a business which is a “*stand-alone entity*”. In addition, there appears to be recognition of some kind of informal governance arrangements existing, even though he does not explain what ‘form’ they take.

The examples from FB3, FB1 and FB5 provide insight into businesses that function without formal governance arrangements in place. Daily and Dalton (2015, p. 66) “*...hesitate to suggest that there exists any one governance configuration for the smaller corporation*”. However, their article does make a number of suggestions about how the smaller firms should implement corporate governance practice. Thus, the underlying assumption is that a degree of corporate governance should exist in smaller firms. The lack of a strategic approach to governance in these

examples is not, in any way, wrong, however it provides further insight into how governance works in some family businesses, moreover the examples provide contrast to the formal more legislatively driven approaches that were explored in the earlier parts of this section.

This sub-theme of ‘legal and policy’ has explored how understanding and practices of governance in the family business ranged from abiding by the law and generating internal policies to having no formalised or written down policies. The range of interpretations within this section has shown how understandings of what governance is and how it ‘works’ within family businesses can be different depending on the individual. Following sections in this chapter will support this notion by providing further examples of varying interpretations. The next sub-theme will remain focused on understanding governance arrangements from a strategic perspective, however it will focus specifically on exploring understandings of governance from a finance and ownership perspective.

4.3.2 Finance and ownership

In remaining focused on strategic approaches to understanding how governance works in family businesses, this section will explore how participants used decisions regarding financial arrangements and ownership structures to influence their consideration of governance workings in their businesses. As a core issue within governance generally, succession planning is a key issue for family businesses (Handler, 1992, 1994; Handler & Kram, 1988; Lansberg, 1988). Thus, throughout this section and the chapter more generally, a discussion will emerge regarding succession planning. This discussion contributes in two ways: firstly, it contributes to the discussion regarding how governance works within family businesses (i.e. how some participants interpret governance as succession planning and vice-versa). Secondly, it provides a foundation to explore the challenges that family businesses face when undertaking the succession process (Research Question 2) in the next chapter.

To begin this sub-theme, the author will explore how some participants discussed their approach to succession planning in relation to tax efficiency. In the first example FB4-GEN4(I) cites tax efficiency as the primary consideration in his plans about how to move the business to the next-generation. FB4-GEN4(I) is currently the CEO of the business and is looking to make his son his successor. He has, in the past 10-15 years, acquired many shares from other family members so that his branch of the family could have the major ownership stake. He explained about his plans for the future:

We're still looking at quite how we make the move to the next-generation, er...because you need to look at the most tax efficient way of doing it. Although you might have a...although we might have a theory as to what we want to do and what we want to achieve er...we want to get there in the most tax efficient way that we can.

FB4-GEN4(I) is looking at ways of ensuring that the business is moved to the next-generation while considering the most tax efficient methods. This is re-enforced by the use of “*although*” at the beginning of the final part of the quotation which suggests that despite the fact there may be specific ideas about transition to the next-generation, the implementation of those plans depends upon how tax efficient they are.

FB2-GEN3(I) also cites tax efficiency as a consideration for succession. This example makes specific reference to the transition of ownership through the movement of shares, and how designing the share structure correctly is important in order to limit the amount of tax paid. FB2-GEN3(I) is the current CEO and, although his daughter is the expected successor, he does not want all ownership to remain in the family. Instead, he wants to include non-family members in the share structure as a remunerative reward. He discussed what he had done in the past with the share structure:

We, I, had before wanted to move shares over to people, key people, in the [business].
So we did it on a secondary share basis, but as you know there is no er...voting rights.
And we did that mainly because of a tax, the tax element of it, because if there was (sic)
rights on it, they would have to pay...

Movement of shares to “*key people*” is interpreted as part of a succession planning process because it is about movement of ownership. However, there has been a conscious decision to issue non-voting stock in order to ensure tax efficiency. These conscious, strategic decisions regarding the finance and ownership of the business support the notion that succession planning can be designed with finance and ownership in mind.

Further contributing to the idea that ownership and finance are linked, the historical ownership structure of FB1 appears to have been designed in order to maximise tax efficiency. FB1 - GEN3(S) described the structure of the companies in the group, while his father (and others) have had control of the business:

...originally erm...the partners of our business, so there was limited companies but partnerships. They all used to be shared between six [members] er...just for tax reasons.

In this example FB1-GEN3(S) discusses how the companies were previously “*shared between six [members of the family]*” citing “*just for tax reasons*” as the rationale for this. His use of the adverb “*just*” in this context which might mean ‘only’, would suggest that “*tax reasons*” was the only reason for this ownership arrangement.

In all three of the aforementioned examples, tax has been cited as the main reason for a particular governance decision being made. This focus on financially efficient governance arrangements would seem to be consistent with Morris, Williams and Nel (1996), who found that family businesses tend to focus more on tax planning than on succession planning. This

further supports the idea that governance decisions in family businesses are made in a strategic way, in this case with a particular focus on finance and ownership.

Building on the theme of ownership, some participants' interpretation of governance and the succession process focused on the ownership structure of the business. In the first extract from an interview with FB5-GEN3(S), the response from the participant shows that corporate governance and ownership are considered together:

Interviewer: What do you understand by the term corporate governance?

FB5-GEN3(S): ...a couple of times I have come across that [corporate governance], strangely at family business forums that we have attended a couple of times. It [corporate governance] is about the way that the business should be managed in terms of the ownership and all that kind of stuff.

The link between ownership and corporate governance is clear when FB5-GEN3(S) says: *"the business should be managed in terms of the ownership and all that kind of stuff"*. It is interesting when FB5-GEN3(S) states that he has *"come across"* corporate governance and describes how it is about the way the business *"should be managed"* because it implies a separation between the theory of governance and its practice within family businesses. This could mean that there is awareness of the difference between how corporate governance 'should' work and how it actually works. FB4-GEN5(S) gave a similar response, in terms of content and hesitancy regarding meaning of the term, this time following a question about succession planning: *"I suppose [it is about] the ownership and management of the business from one generation to the next"*. Hesitancy in the statement is evident from the use of *"I suppose..."* at the beginning of the extract. Use of the terms ownership and management to describe succession planning mean that the definition is also similar.

A further example of succession planning being described using ownership and management can be found in FB1. In this example there is an extra layer of consideration for who is working in the business, as well as those who own and manage it. FB1-GEN3(I) explained that succession planning was about:

...planning from one generation to another erm...within a family. Erm...so with that there is obviously erm...from [a] management point of view, who's working in the business, between generations, and ownership as well. [Also] how ownership changes over generations.

FB1-GEN3(I)'s description of succession planning further suggests that management and ownership are important aspects within the process. In addition, it supports the widely accepted view (Janjuha-Jivrai & Spence, 2009) that succession planning involves planning from “*one generation to another*”. The description further informs an understanding of succession planning, by including an extra stakeholder group (employees) who work in the business but do not own or manage it.

In developing the sub-theme of ownership, the next example, which has been used previously to explore how the family constitution sets out plans for the future, demonstrates how corporate governance is concerned with ownership in the future. FB6-GEN3(S) is the daughter of the current CEO and is employed within the family business and is a member of the family council. She explained her view:

...for me, [it] would be how I would explain what we currently have in the business to secure the future. Or at least set out plans or ideals of how we would like to see the company progress in the future and its family ownership, protect...it's about protecting it from takeover and stuff.

The future of the business is mentioned twice within this quotation, once with regard to securing the future of the business and a second time regarding company progression. This would imply that FB6-GEN3(S) believes governance should embody the way in which the plans that the family have for the business are upheld. In addition, her emphasis on “*family ownership*”, which is slightly different from previous examples which have simply discussed ownership, combined with her subsequent comment about “*protecting it [the business] from takeover*” would suggest that she, and the family, do not want ownership to go to outsiders (i.e. non-family). The word “*protect*” suggests that threats (e.g. “*takeovers and stuff*”) are possible. In corporate governance literature (focused on listed firms), protection is usually discussed in relation to the shareholders (principals) being protected from the management (agents), through implementing corporate governance practices (Jensen & Meckling, 1976). However, in this instance FB6-GEN3(S) is suggesting that corporate governance should be used to protect the family from threats of outside takeover. The key difference is the focus on protection from outside threats (e.g. takeovers) rather than the literature which focuses on the internal issues that can arise from issues such as the principal-agent problem and the associated agency cost (Jensen & Meckling, 1976). This nuanced difference between family and non-family firms’ interpretation of corporate governance is quite important to note, because it offers insight into an alternative way of thinking about corporate governance in family firms. As such, it builds on work which has already been done to understand how the principal-agent problem differs in a family business setting (Schulze et al., 2001).

Data presented throughout this overarching theme of ‘Taking a strategic approach’ have been broken down into two sub-themes: legal and policy and finance and ownership. The analysis and discussion that has taken place, helps to address Research Question 1 because it allows the reader to gain an appreciation of the various interpretations of governance and how they work in family firms. In the first sub-theme of legal and policy, interpretations ranged from abiding by

the law and generating internal company policies to having no formalised or written down policies at all. The second sub-theme of finance and ownership explored how governance was described using issues that would usually be associated with succession processes, including discussions about plans being designed specifically with tax efficiency in mind. Participants also described governance as a process to ensure appropriate ownership and management of the business in the future. The next section explores a theme entitled ‘making a change’, which discusses how participants described governance as being focused on the business ‘becoming’ different (i.e. change that will alter the current practice in order to achieve something new).

4.4 Making a change

‘Change’, by definition, means to make or become different. This theme explores how individuals in family businesses describe governance as managing or making a change. The findings within this theme contribute to Research Question 1 by offering further examples of how governance works within family firms. The first part of this section considers how individuals used language relating to ‘movement’ to describe the succession process. The second part explores how general conversation regarding planned change and unexpected change in the family business can impact the succession process.

This section begins by exploring how participants used language related to ‘movement’ in order to describe an organisational change. In the first example, a third generation family member explained how she and her siblings had allocated tasks to the two incumbents who remain jointly in charge of the firm. One of the tasks to be completed, and presented to the family council, was an overview of the arrangements that the incumbents had put in place to ensure succession occurred. On multiple occasions, in the extract which is presented below, FB6-GEN3(S) says words and phrases that are associated with movement:

...we've actually set them [the incumbent-generation] tasks for the next family council, that they have to come and present to us about. You know, what steps they are [taking] and what agreements they've got in place and how they are going to get to the place they need to get to, in terms of you know, erm...reducing their hours or actually stepping away from the business completely on a day-to-day basis.

The phrases “...*what steps they are [taking] ...*” and “...*stepping away from the business...*” both use the verb ‘to step’. In the first example the ‘steps’ represent the actions which have been taken thus far regarding the succession process. In the second example “*stepping away*” describes how the plan should detail the movement of the incumbents from one state of being to another i.e. how they move from the current roles in the business to something else. Use of the phrase “...*how they are going to get to the place they need to get to...*” implies that they are currently in one ‘place’ and need to find ways of moving to another. This is used metaphorically as ‘the place’ they need to get to is not a physical one, rather it is the point at which they are no longer involved in the day-to-day running of the family business.

The notion of ‘stepping’ is also present when FB6-GEN3(S) discusses why the incumbents may be reluctant to make a change which results in them no longer being in charge. She explained:

...[the incumbents] aren't feeling comfortable about stepping back until they feel confident that the business is in a good place and that they've got the right people, and the right processes in place as well.

“*Stepping back*” in this example, once again, suggests a change or move in position from the current state to something else. In a similar vein, FB4-GEN5(S) describes his father:

...really he should, [he] wants to be stepping away from [the] day-to-day routine and [to] be concentrating on strategy.

This is a further example of a changing state represented by “*stepping*”. In this case the participant says “*stepping away*” which is similar to “*stepping back*” in the sense that they both imply movement from one position to another. In these examples movement seems to be being used in order to describe the creation of distance between the incumbent family member(s) and the business.

The examples presented thus far have demonstrated how some participants used the idea of stepping or movement to describe what should happen when succession occurs. This contributes to an understanding of the succession process and thus governance within family firms, because it shows how individuals expect some kind of change to occur.

Two further examples of movement will now be explored. The first is similar to the previous examples in the sense that it is still describes the creation of distance, but this time between the incumbent and her old role as CEO. The second is movement used to describe the transfer of the business from one person to another. Having recently undertaken a succession event, FB5 was still experiencing some post-succession tensions. After a serious illness befell the incumbent, the business was passed to her son, almost overnight. Although the family had a succession plan in place, the transition was not due to occur in such a short timeframe. At the time of the interview, the mother had since returned to the business after recovering from her illness, her son FB5-GEN3(S) explained:

I guess the current succession plan is still work in progress in the sense of [my mum] is still involved with some elements of the business that [she] herself probably realises that she shouldn't be, and from my perspective it would make sense for her to start to move away from [these elements].

The participant describes what his mother needs to do in order to ensure the succession plan does not remain a “*work in progress*” but is actually fulfilled. His use of the words “*move*

away” in the final sentence is yet another example of movement being used as an idiom to mean relinquish or leave a current position. Once again this implies that making a change is necessary in order to ensure that the succession plan is fulfilled.

Two participants directly used the idea of movement in their description of succession planning. More specifically, they discussed how succession planning was about the movement of the business from one generation to the next. FB4-GEN5(S) explained:

Succession planning [is] the movement of the business from one generation to the other...[it is] the movement of the firm...I suppose the ownership and the management of the business from one generation to the next.

The first part of the quotation shows how this participant defines succession planning as the *“movement of the business from one generation to the other”*. He follows this up by explaining that this would entail the *“ownership and the management”* of the business also been moved to the next-generation. This quotation is an example of how movement is being used to describe succession planning as the transfer of ownership from one generation to another. His father, FB4-GEN4(I), had a similar definition of the term succession planning:

Basically, if you want to put a succession plan in place...basically it’s [about] how do you plan to satisfactorily move your business from one generation to the next.

Like his son, FB4-GEN4(I) describes succession planning as being about *“mov[ing] your business from one generation to the next”*. In moving the business from one generation to another, the state of being regarding the individual(s) who own and run the business changes over time. This further supports movement (in terms of transfer of ownership from one generation to another) being used to describe a type of change within the family business.

From this point onwards I am going to explore some general comments that individuals made about making changes to people and systems within the family business. Once again, the following examples all describe the succession process. The first example is taken from the business I mentioned earlier in this section, where the incumbent had an unexpected illness and succession took place earlier than planned. In the quotation following, FB5-GEN2(I) seemed to be reflecting on her sudden illness when explaining her definition of succession planning:

Having a plan in place so that if anything happens to the person [in charge of] the business they can easily be replaced...[also it is about] doing it under measured circumstances, where you know that somebody is going to retire in a certain amount of time.

This quotation is slightly different to those I have looked at so far because it focuses more on how having a succession plan can help in responding to unexpected changes in the business, rather than succession planning being about actively making changes in the firm. When the participant says “*if anything happens*” the implication is ‘no matter what’ the person in charge “*can easily be replaced*”. This idea of “*anything*” could obviously include sudden illness and so it suggests she is reflecting on her own situation and experience of succession. Describing that the succession event should be done under “*measured circumstances*” is not a common phrase. The adjective ‘measured’ in this context could be interpreted to mean deliberately restrained, careful, carefully considered. The noun ‘circumstances’ could be interpreted to mean the conditions associated with the relevant action. Combining the two interpretations would suggest that she believes the succession process should have a carefully constructed plan that is implemented when the conditions within the business are appropriate. Measuring the time when the conditions are appropriate would seem to be focused on the retirement plans of the incumbent, this is supported by her comment “*...where you know that somebody is going to*

retire in a certain amount of time". This participant's son, FB5-GEN3(S), also had an opinion about succession planning. He said:

I guess that [succession planning is] a process of wanting to look to hand down to the next-generation. Erm...and to have something in place so that both parties, and everyone, is aware of how that's [succession is] going to be managed and who it [the business] is going to go to, and what that's going to look like.

This kind of description of succession planning being about "*handing down to the next generation*" is very much in line with Janjuha-Jivrai and Spence (2009, p. 703) who suggest that succession planning is about the "*transfer of ownership from one generation to the next*". The participant follows this up by discussing the need to "*have something in place*" which enables everyone to understand "*how that's [succession is] going to be managed*". Clearly "*something*" relates to a process of sorts that enables the business to understand the changes, in terms of "*who it [the business] is going to go to, and what that's going to look like*". This quotation supports the idea that having some kind of process is important for the individuals concerned, because it provides them with awareness regarding the future direction of the business.

Family businesses are, generally, focused on handing the business on to future generations (within the same family) (Janjuha-Jivrai & Spence, 2009). However, the final example in this section on change focuses less on this notion of 'handing' the business to future generations and more on custodianship. The incumbent of this particular business expressed his desire for the business to remain family controlled. However, part of the succession plan involved non-family members receiving non-voting stock as a remunerative reward for loyalty and performance. This participant's experience of succession previously (with his own father) was fraught with difficulty because his father blocked any route to him becoming successor in the usual way (i.e. handing the business on). The participant was forced to buy the business from his father for a

substantial amount of money. This is reflected in FB2-GEN3(I)'s description of what succession planning should be:

[Succession planning is about] er...setting up systems and er...making, taking away all blockages in the business, so then people can then look after the business and take it on to the next stage.

There are two important points in the above extract. The first is his interpretation of succession planning being about "*taking away all blockages*". The difficult experience that the participant faced with his father, who blocked his route to becoming successor, may be informing this interpretation. Clearly, FB2-GEN3(I) wants to ensure any obstructions that make succession difficult are removed. The second point explores how the participant focuses on "*people*" rather than family to "*look after the business*". The change that occurs during succession in family business usually includes the leadership, and often ownership, moving to the next-generation of family member(s). However, FB2-GEN3(I)'s use of the term "*people*" implies that it is not necessarily *only* family members that will be in charge of the business, moreover his use of the term "*look after*" implies that those who may run the business after him are custodians or stewards rather than owners. The aforementioned two points are important because they highlight how succession planning can be interpreted differently depending on the previous experiences of those involved. The examples that have been discussed provide further insights into the ways in which change is implemented within family firms when the succession process is being considered.

This section has focused on understanding different kinds of change; it started by exploring how the idea of movement was used in three different ways to describe changes occurring within the family business during the succession process. Firstly, movement was used to describe how the succession process is about how the business, and the people in it, move from one 'place' to

another, i.e. the ‘place’ they are currently in (pre-succession) to the ‘place’ they need to be (post-succession). Secondly, movement was used to describe how, in moving from one ‘place’ to another, distance should be created between an outgoing incumbent and the business. Finally, it was used to describe how the succession process was about the transfer of ownership of the business from one generation to the next. The second half of this section has explored interpretations of the succession process which described change more directly. The first example described how changes within the family business should take place under ‘measured circumstances’. The second explored how the formulation of a process aids the family in moving forward with change, because it enables those involved to be clear about certain aspects of the change and the subsequent impact. Finally, this section discussed how an interpretation of the succession process involved notions of custodianship rather than ownership of the family business. These examples highlight how there are a varying degree of interpretations of the succession process amongst family business members. Exploring how family firms understand the succession process is important in contributing to an overall comprehension of how governance works in family businesses.

The next theme will focus on the importance participants placed on building knowledge in the family business when considering governance.

4.5 Building knowledge

This theme details how participants discussed ‘building knowledge’ in relation to governance in the family business. It draws upon a wide variety of interpretations of how knowledge is built, including: the introduction of new qualifications across the family business to support the succession process, the family council as forum for learning and the importance of making mistakes.

The first example explores how governance has been related to developing staff knowledge through specific training for formal qualifications. In FB6 the incumbent had recently dismissed a high-ranking (non-family) member of the management team who was expected to take over management of the business. The incumbent, along with his sister who is a director and 40% shareholder, expressed determination to make changes in the business. This included discussions about National Vocational Qualification (NVQ) management training for staff and apprenticeship programmes. These quotations are taken from a response to a question about how the business is implementing a succession plan. This was asked after the participant explained that the family had a plan in place. FB6-GEN2F(I) explained:

...what I didn't mention was er...Shock, horror! Management training to NVQ [level].
Erm...and that might sound pretty er...unambitious, but there's an awful lot of folk been on that factory floor 20 plus years and this will be a major shock to their system, but you've got to start somewhere...and the beauty about it, is that er...it will begin to separate the wheat from the chaff.

...we started our first apprentice - first formal apprentice, recently, about a year ago, on the engineering team. We're also looking at er...two other appointments er...of apprenticeships. One to cover the admin function and one on the technical management side of the business.

In the first quotation, when the participant vicariously describes the reaction of people in the business by using the phrase "*Shock, horror!*" he implies that employees pretended to be surprised upon discovering their required involvement. This, slightly jocular, description is followed up in a more serious tone when he states "*this will be a major shock to their system, but you've got to start somewhere*". FB6-GEN2F(I) knows that this will cause uncertainty amongst his employees because "*a major shock*" implies that the status quo is going to shift.

This is further confirmed in his last sentence when he states that: *“it will begin to separate the wheat from the chaff”*. Use of this idiom suggests that part of his motivation for introducing NVQ training is that it will facilitate a process of separating the higher quality staff, *“the wheat”*, from the lower quality staff, *“the chaff”*. Thus, he seems to be using education to build a stronger, more sustainable business moving forward. This is further supported by his second quotation which discusses the apprenticeship programme that has been introduced into the business. In both of the above examples the participant is building knowledge within the family business as part of the succession plan. Although planning for succession is usually associated with the ownership of the business, this participant seemed keen to ensure that it was undertaken for other areas of the business as well.

A family council can be an ideal place (Habbershon & Astrachan, 1997; Lambrecht & Donckels, 2006) for family members to learn about the business and how governance is working within the firm. The following example comes from the daughter of the participant used in the previous example. The family have both a board and a family council; the family council consists of the father (FB6-GEN2F(I)), his sister (FB6-GEN2A(I)), the father’s daughter (FB6-GEN3(S)), her three siblings (two brothers and one sister) who have their own careers outside the family business and an external facilitator. The following extract shows how time spent on the family council has enabled the third generation (the four siblings) to be in a position to challenge the second generation, regarding family business matters. FB6-GEN3(S) explained:

...you know, when we first started the family council we were just listening to Dad and my Aunt. Erm...and now we very much say well...why aren’t you doing this? And we’re in a position now, where we feel we can challenge much better than we [would] ever have been able to.

The quotation presents a ‘before and after’ type impression. In the beginning, when the family council first started, she says: “*we were just listening to Dad and my Aunt*”. Her use of “*just*” as an adverb implies that they were ‘simply’ or ‘only’ listening, and therefore not actively contributing to the conversation in a constructive way. Yet ‘afterwards’ she describes them as being in a position where they can “*challenge much better than we [they] [would] ever have been able to*”. This would suggest that the time they have spent serving on the family council has enabled them to learn about the family business. Thus, in this family business the family council has provided an opportunity to both build knowledge in the younger generation and as a forum to challenge how things work in the business. This further contributes to understanding how governance works in family businesses, because it shows how the family council can build knowledge for the next-generation to become more actively involved in decision-making.

When a succession plan is formulated and implemented, provision should be included to facilitate knowledge transfer from incumbent to successor (Handler, 1994). How that provision ‘looks’ is interesting because documenting a lifetime of experience could pose challenges. The following example provides insights into the experiences of an incumbent (mother) and successor (son). The succession event (the point where the successor is in control) had already taken place at the time of the interview, so the son was in the position of CEO of the family business. His mother, FB5-GEN2(I) explained her experiences of helping him understand the financial elements of the business:

...he has taken to it like a duck to water, but in the beginning he hated figures. It was like doing maths homework with him all over again. But now, like me, he will actually get excited by seeing how things work, and if we move this, what effect will that have on the bottom line and things.

In the extract the participant seems to be re-living two experiences and reflecting on how they are connected. She draws a comparison between her recent experience of transferring knowledge to her son about the financial elements of the business and the time when she sat with him doing his maths homework. She continues by describing what he is like now, after that knowledge transfer has occurred; she says: “*But now, like me, he will actually get excited by...*”. The fact that she begins to compare him to herself would suggest that she feels accomplishment in teaching him something he did not know before (just like she did with his maths homework). Her use of “*But now*” to describe how her son feels about dealing with figures would suggest he has learned an appreciation for their value, compared to a previous time when he did not. This is also supported by her use of the adjective “*excited*” to describe his changed emotion when dealing with figures. Further to this, use of the idiom “*like a duck to water*” suggests that he has learned about figures very quickly and enjoyed the process, compared to the beginning when he “*hated figures*”. FB5-GEN3(S) (her son) also reflected on how knowledge had been transferred between generations. He said:

...yeah, I guess it's been a kind of, you know, gradual transition of understanding...erm ensuring, as much as possible, I filled all the gaps in terms of knowledge and experience, as it were, to get there.

He describes the knowledge transfer as a “*gradual transition of understanding*”, which implies that it has taken place slowly in a controlled way. He also discusses how he wanted to fill “*all the gaps in terms of knowledge and experience*”. This would indicate his desire to learn all of those things he did not know (including the financial elements) and to gain insights into experiences of the previous generation and also to build knowledge through his own experiences over time. The examples presented in this family show how building the next-generations’

knowledge is important in order to ensure that they are adequately prepared for the challenge of running the family business.

Thus far, examples of knowledge building where incumbents have been actively involved in the process, whether that be concerning the business generally or directly as a successor, have been discussed. The final discussion within this theme explores how some kinds of knowledge cannot be passed on, and can only be learned by experience. The following examples will draw upon participants who have already been discussed in this section. The first is from FB5-GEN2(I) who reflected on her ability to allow her son to make mistakes:

It is allowing him to make mistakes, that's the hardest bit. I have to, sometimes I have to just bite my tongue and think, the only way he is really going to learn is to do what [he thinks is best], to follow his [own] path.

It is evident that she struggles to let him “*make mistakes*” and not to correct him, when she uses the idiomatic term: “*I have to bite my tongue*”. However, the reason she does this is because she believes it is “*the only way he is really going to learn*”. Use of the adverb “*only*” suggests that there is no alternative way of teaching him, leading to the conclusion that the only way he can learn, these kinds of lessons is to make mistakes and “*follow his [own] path*”. This is further supported by evidence from FB6-GEN2F(I) who describes his own experience of learning in this way:

...when I joined this business...as a 19-year-old erm...I was a loose cannon...I made all sorts of godawful mistakes, and probably for two or three years [I] was something of a laughing stock. I suppose it has made me what I am, whatever I am...

This reflection on FB6-GEN2F(I)'s learning by making mistakes shows that he believes the “*godawful mistakes*” which he made when he was young have “*made him*” what he is today.

The phrase “*made me what I am*” suggests that previous experiences have shaped his character, thus implying the whole process has taught him lessons which he would not have learned otherwise. The two aforementioned examples highlight how experience can be an invaluable way to learn and build knowledge. Thus, it could be suggested that, in preparation for future business leadership, the experience of making mistakes and learning from them, is important for a successor’s personal development.

This theme has focused on how individuals have considered knowledge building in relation to governance in the family business. It has shown how there are various ways that individuals comprehend knowledge building and how each interpretation further expands the way we understand how governance (and the succession process) works in family business. The data have shown four examples of how building knowledge has emerged. The first was the introduction of formal qualification for employees within the business to ensure knowledge is of an adequate level. The second example explored the family council and its role in helping successors and next-generation family business owners to learn about the business and to feel empowered to challenge incumbents. Third was an exploration of how important a period of learning between incumbent and successor is in order to pass on knowledge but also to give successors the opportunity to gain confidence in particular areas of the business they are unsure about. The final example highlighted the importance of successors being able to learn through making their own mistakes. Each of these examples has shown that families’ approaches to building knowledge are varied. This further contributes to the various ways that governance works in family businesses. The next, and final, theme within this chapter will explore how individuals discussed governing activities within their business through values.

4.6 Governing activities through values

Several participants in their definitions of, and explanations regarding, governance used different values to describe their understanding. These values included trust, commitment and

integrity. Some participants also described governance by associating it with concepts such as ethics and ethos. This section will explore each of these examples, thus expanding the on-going discussion in this chapter, about how governance works in family businesses.

This section will explore the values that participants associated with governance. The first is trust. The example presented, was part of a much longer discussion about governance; however, part of that conversation included the participant describing his interpretation of governance. The interpretation focuses on the high amount of trust that the business builds with suppliers and people. FB6-GEN2F(I) explained:

...we tend to have very long relationships with them [suppliers] that are built on a strong element of co-operation and trust. That doesn't mean we're pussy cats when it comes to demanding the best price, but wherever we can, we would look to establish, and hold, long term relationships with people.

This quotation would suggest that part of FB6-GEN2F(I)'s interpretation of good governance in the business includes the creation and maintenance of long-standing relationships that have been founded on trust and co-operation. In the first part of the extract FB6-GEN2F(I) discusses these relationships in the context of suppliers. However, at the end of the extract he mentions "*people*" which could be interpreted to mean people generally i.e. not just suppliers. Ward and Aronoff (1992; 1991) find that people in communities often form a certain degree of trust with family businesses because of their reputation. This in turn leads to competitive advantage for the business because it has a loyal customer base. Thus, building trust in the supply chain, i.e. from supplier to customer (where the family business can be both supplier and customer), can be an important part of governing the family business.

Commitment to the family business was something that was not discussed directly but a particular phrase which one participant used would suggest a high degree of commitment to the

family business. FB1-GEN3(I) was discussing how there was no formal governance in his family's business but said: "*we pretty much live and breathe the business*". Use of this idiom would suggest that the family members spend the majority of their time involved with work activities and thus show a high degree of commitment to the family business. Despite this business having no formal governance in place, FB1-GEN3(I) did have a definition that discussed values:

I would say [corporate governance is about] how we are structured, what our values are.

Erm...what our goals and aspirations are and how we erm...how we structure ourselves and discipline ourselves, in order to achieve those goals...

Within this quotation it is clear that values are not the only thing he uses to describe governance; he also mentions structure, goals, aspirations and discipline. However, for the purposes of this section the focus will be on his use of the term "*our values*". Use of the possessive determiner "*our*" and the pluralised "*values*", suggests that there is a set of values that are collectively, rather than individually, held by the family. In contrast to this collective set of values, FB6-GEN2F(I) described governance using only one value, he said: "*I suppose in essence it's er...it's about running a company with integrity...that's it*". In this context it would seem that FB6-GEN2F(I) feels that running the business with integrity, which could be interpreted as honesty or having strong moral principles is, above all else, the most important thing. This would seem to be in line with how he described the relationships with suppliers and people being about trust.

Continuing with the theme of collective values, other participants took a similar approach to describing governance in their businesses. Examples from both father and daughter in FB2 highlight how values are linked with vision and behaviour. In a conversation about governance, FB2-GEN4(S) said:

...we have the values and the vision which we have for the business, which also dictate the way we behave.

Her father, FB2-GEN3(I), said:

That's the message that we have driven through, all the way through our organisation from our values of brave, harmonious and true. And with our intent to nurture it always comes down to making London beautiful.¹¹

In the first example FB2-GEN4(S) states that the values (and the vision) that are collectively held "*dictate*" the way they behave. Dictate in this sense is most likely being used to mean determine, thus behaviour is determined by the values which are held. The 'strength' of the word dictate is also important to consider because it suggests that behaviour is controlled in a very strict rules-based manner. Similarly, her father (FB2-GEN3(I)) describes the values having been "*driven through*" the business implying they are present at all levels. The values he mentions of "*brave, harmonious and true*" seem to drive the behaviour of always "*making London beautiful*". In this sense governance in the business is about control and authority, with values helping to drive and determine the control of behaviour.

The final two examples in this section focus on relating governance to ethics and ethos. In the first example ethics and rules are discussed together to describe corporate governance. FB2-GEN4(S) said:

[Corporate governance is] the ethics and rules by which you run your business.

¹¹ 'Making London beautiful' was mentioned by the participant as the apparent *raison d'être* or overall objective of the business.

Use of the pronoun “*you*” in reference to the way the business runs, could suggest that this extract describes the theory of what corporate governance is rather than the way it necessarily operates within this family business. Nevertheless, the interpretation of corporate governance, in this example, embodies the ideas of “*ethics and rules*”. In reality it could be quite difficult to have both ethics and rules to explain governance, because generally, ethics, although a somewhat nebulous term, is less about a set of absolutes (with the exception of deontology, see Johnson and Cureton (2017)) and more about moral principles that guide, rather than determine, behaviour (e.g. virtue ethics, see Hursthouse and Pettigrove (2016)). The moral principles that guide behaviour are generally embodied by a set of values that an individual would uphold. On the other hand, rules gives the impression of a pre-determined, explicit set of regulations that govern conduct or procedure (Oxford-Dictionary, 2013). The important thing is to recognise that corporate governance is being described using these kinds of ideas and thus adds a further dimension to how governance is interpreted within family businesses. This connection to ethics is interesting, when reflecting on the guidance that is currently in place for both listed and non-listed companies. The non-listed guidance promotes ethical behaviour on nine separate occasions within the principles throughout the Code (IoD, 2010). However, the FRC has only recently (2014) made an amendment to the UK Corporate Governance Code (for listed firms), to include any mention of ethics (FRC, 2014).¹² Thus, when FB2-GEN4(S) discusses ethics as part of a definition of corporate governance, it seems like a timely consideration.

In the second example, FB4-GEN4(I) appears to connect ethos to corporate governance:

¹² The latest iteration (2014) of the UK Corporate Governance Code suggests that “One of the key roles for the board includes establishing the culture, values and ethics of the company” (p. 2).

I would understand [corporate governance] to be the, I suppose the, way in which we as a company organise ourselves and the way that our activities are governed by our own ethos, and our own organisational structure.

Use of the possessive determiner “*our*” in relation to ethos suggests a focus on the internal spirit or culture of the family business to inform governance practice. This is compared to the previous example where the notions of ethics and rules are discussed. In the case of ethics, the moral principles that guide behaviour are, by their very nature, not possessive, and thus not internally generated. The differing focus (i.e. internal vs. external) in the way governance is understood and how this informs the behaviour of individuals, is interesting because it provides an alternative insight into how governance works.

This section has highlighted participants’ use of values such as trust, commitment and integrity to describe governance in family businesses. In addition, it has explored use of the generic terms values, ethics and ethos in describing how behaviour should be guided. Previous themes and sub-themes have highlighted how governance has control over the business, is understood and practised as financial and stakeholder control. The findings related to values offer a further practice of ‘control’ through ‘dictating’/regulating behaviour. The next section will summarise the meta-themes that have emerged from the analysis of data in this chapter.

4.7 Interpretations of governance in family businesses

This section gives an overview of the meta-themes that have emerged from the analysis that has taken place throughout this chapter. In so doing, it draws out some of the unique and interesting dimensions that exist within these meta-themes. From the data that have been presented, an overarching concern for ‘control’ appears to emerge. This concern for control seems to emerge with either an internal or external focus. In the theme ‘taking a strategic approach’, examples of external legal requirements were used to describe governance in the family business. These

external regulatory forces seemed to inform the subsequent actions that were taken in order to control how people within the business undertook their roles. In contrast to this, the theme also explored internal policies that were developed by family businesses and the varying degree of their existence. The examples ranged from instances of internal policies and procedures which control behaviour, to no internal policies at all. Further examples within the 'taking a strategic approach' theme highlighted how governance decisions were made based upon external financial implications i.e. arranging ownership in such a way to facilitate tax efficiency. This is also an example of how an external legal requirement was managed with an internal decision which led to internal control being exerted, e.g. individuals as 'owners' in name only to facilitate tax efficiency. Within the theme 'making a change', 'movement' was described in three ways to show how individuals in family businesses interpreted governance. The first was concerned with how the business was to be moved from one 'place' to another, i.e. how the business was going to move from pre- to post-succession. The second example of movement was to control the amount of distance between the outgoing incumbent and the business both during and after succession had occurred. The final example concerned how the transfer of business ownership was controlled from one generation to another. Also within the 'making a change' theme there is an example of how change should happen under 'measured circumstances', implying that the individual concerned wanted to control the pace at which change (e.g. succession) occurred. The third theme within this chapter explored how governance was interpreted as 'building knowledge' within the family business. Within this theme, control emerges once more with both an external and an internal focus, each example suggests that 'building knowledge' can be used to control a given situation. In the first example the participant seemed to use the introduction of an external qualification in order to control the quality of staff within the business. The three remaining examples had more of an internal focus, where building knowledge seemed to help the successor to control his/her position in the business. This was achieved by individuals

gaining confidence, through building knowledge of the business, which led to feelings of empowerment. In the final theme ‘governing activities through values’, the focus on control, through the regulation of behaviour, seemed to emerge once more. Concepts such as ethics, ethos and values, which were presented as ways to express how governance works within the family business, seemed to dictate the expected behaviour of individuals within the business. This is a further example of an internal driver for control, i.e. values, ethics and ethos are used to control the behaviours of those working in the business. This section has drawn out the meta-themes that have emerged from the analysis within this chapter. As discussed throughout this section, the data presented suggest an overarching concern for control. This notion of control is presented in different ways, with different degrees of severity. Coupled with ‘control’ is an overarching dimension of internal versus external perspectives on how ‘control’ is used to describe how governance exists and works in family businesses. The next, and final, section will summarise this chapter giving an overview of its findings and implications which address Research Question 1.

4.8 Summary

This chapter has explored multiple examples of how governance works within family businesses. To begin with the chapter looked at the way participants discussed governance as a strategic consideration. This was achieved by focusing on two sub-themes. The first highlighted examples where decisions had been made by considering legal and policy implications. The second showed where participants cited examples regarding the financial and ownership structure of the business, informing the strategic decision-making surrounding governance. The second major theme explored how participants discussed change in relation to governance, in particular succession planning. Examples that were used to support this theme showed how individuals associated succession planning with making change in the family business. The third theme discussed how building knowledge within the family business was an important part of

the succession process, this included knowledge building for the family but also for general non-family staff within the business. The fourth and final theme within this chapter explored how different individual values and language surrounding values, ethics and ethos informed the governance agenda in family businesses. The final section explored the meta-themes which emerged from the analysis that took place throughout the chapter. The next chapter will conduct further analysis and provide answers to Research Question 2.

Chapter 5: Challenges surrounding the succession process in family businesses

5.1 Introduction

This chapter focuses on Research Question 2: what challenges do family business face when undertaking the succession process? Why do they arise? The chapter is divided into four major themes that have emerged from the data: ‘Power and control’, ‘Gender’, ‘Status’ and ‘Roles’. Each of these themes is then further divided into sub-themes allowing for more effective exploration of patterns within the data.

5.2 Presentation of the data

Data will be presented in the same way as was outlined in the previous chapter (Chapter 4). The notations that were used to identify each participant will also be used in this chapter, for reference they are re-presented in the following table (Table 12):

Company Identifier	Participant Identifier	Incumbent or successor	Generation Notation	Generation	Full in text notation
Family Business 1 (FB1)	Father	Incumbent	GEN2	2	FB1-GEN2(I)
	Son	Successor	GEN3	3	FB1-GEN3(S)
Family Business 2 (FB2)	Father	Incumbent	GEN3	3	FB2-GEN3(I)
	Daughter	Successor	GEN4	4	FB2-GEN4(S)
Family Business 3 (FB3)	Father	Incumbent	GEN1	1	FB3-GEN1(I)
	Son	Successor	GEN2	2	FB3-GEN2(S)
Family Business 4 (FB4)	Father	Incumbent	GEN4	4	FB4-GEN4(I)
	Son	Successor	GEN5	5	FB4-GEN5(S)
Family Business 5 (FB5)	Mother	Incumbent	GEN2	2	FB5-GEN2(I)
	Son	Successor	GEN3	3	FB5-GEN3(S)
Family Business 6 (FB6)	Father (Brother)	Incumbent	GEN2F	2	FB6-GEN2F(I)
	Aunt (Sister)	Incumbent	GEN2A	2	FB6-GEN2A(I)
	Daughter (Niece)	Successor	GEN3	3	FB6-GEN3(S)
Family Business 7 (FB7)	Father (Husband)	Incumbent	GEN1F	1	FB7-GEN1F(I)
	Mother (Wife)	Incumbent	GEN1M	1	FB7-GEN1M(I)
	Son	Successor	GEN2	2	FB7-GEN2(S)

Table 12 - Participant identifier table (simplified)

5.3 Power and control

This theme will explore how the notions of power and control emerge from the data. The theme contains five sub-themes which are briefly summarised. The first-sub theme focuses on the founders' inability to 'let go' of the family business; it specifically explores the reasons why incumbents struggle to 'let go' and the challenges this raises for the succession process. Second is the sub-theme of 'do ownership and control go hand in hand?'. This is primarily concerned with who has the right to ownership within the family business and thus control over it. Often the attitude to these issues created a challenging environment for the succession process. Third is 'having control'; this sub-theme explores how family members, often directly, expressed the importance of being in control of various aspects of the family business. It also explores how succession has been impacted by varying degrees of control. The final theme is entitled 'a tug of war' and represents the battles between generations and groups of family members. Generally, this sub-theme explores family members' threats to or struggles for power and control.

5.3.1 'Letting go'

The theme of 'letting go' was one which re-occurred within several of the participants' interviews. Several participants described how this notion of family members not being able to 'let go' created personal challenges and frustrations. Typically, frustrations of this sort were raised by younger generations while discussing older generation family members which is in line with the literature (Gagne et al., 2011; Handler & Kram, 1988). However, in a few cases incumbents expressed frustration and reluctance generally because their previous attempts to let go had resulted in reduced performance or fear of not having a role to play in the business, post-succession. Within this theme there are, broadly, three different 'types' of 'letting go' which are discussed. The first 'type' represents those participants who expressed reluctance to legally let the business go. This includes reluctance to relinquish ownership and control of the business. The second 'type' are those individuals who did not want to let go of the operational elements of the business. The third, and final, 'type' is an inability to let go of micro-managing staff and

allowing them to focus on carrying out their roles. Each of these ‘types’ will now be explored in more detail.

5.3.1.1 Legal: ownership and control

In the first example the participant is a third generation family member who was required to purchase the family business from his father (generation two). The conflict between these two individuals will be explored in later sections of this chapter, however at this stage I am interested in showing how generation two resisted ‘letting go’ of the business. I have purposefully quoted this example at the outset of this section as it is an extreme, yet clear, example of how, often, incumbents are very unwilling to ‘let go’ of the family business.

Generation three (FB2-GEN3(I)) explained how his father refused to relinquish ownership of the business:

I had a discussion about, show me what the future is for me you know, where am I, when am I going to take over the business? And he [father] said...as long as I am alive son you’ll never own this business...and I said, well fuck you, I’m off.

FB2-GEN3(I) attempts to take control of his own situation by approaching his father and asking to be shown what his future is going to be, however his father seems to exert control by explicitly telling his son he will never take over the business while he is alive. The bluntness with which this comment was made seems to have had a negative effect on FB2-GEN3(I). His frustration with the situation is clear from the expletive that he quotes and the action he takes of subsequently leaving the business. This example of the incumbent refusing to hand over the business until his death could be in line with work that Handler (1994) carried out explaining how some incumbents do not wish to engage with the succession process because it amounts to admitting defeat and thus is a sign of weakness. In this particular example the participant did not discuss why his father denied him the business. However, later in this chapter (Section 5.3.2)

there will be a further insight into this family and how FB2-GEN3(I) managed to obtain the business in later years.

In FB4 the incumbent (GEN4) is committed to a succession plan, however he seems to have designed circumstances to ensure that he is able to exert control and power over the family by retaining ownership. He describes how the shareholding structure has changed over time:

We're in a situation that the prior generation only own a nominal shareholding. Which is really done purely for personal family reasons, a fraction of 1% they own. So I suppose the first thing as regards to my generation, is that...my sister who never worked in the business, she was bought out by me some 15 years ago, as indeed were cousins who were in the business, bought out by me some 30 years ago. Which just leaves the one sister that's working in the business. And...she has no family, so there seems little point in her having shares in the business to take to the grave, there seems little point. She might as well have value for them. So we've actually crossed that hurdle and she is now only a tiny tiny shareholder.

Through time, it seems as though FB4-GEN4(I) has strategically purchased other family members' shares thus ensuring he could remain in financial control of the business. He goes on to say *"I suppose I have to be honest and say to some extent I deal with the shareholding a bit like a despot would, which is probably not fair, but it is the way it is"*. The fact that he admits to dealing with shareholding like a ruler with unlimited power would seem to support the notion that he is exerting a degree of power and control over family members. This is further supported by FB4-GEN4(I)'s responses to questions I asked about the board structure. He described the current structure:

...to all intents and purposes I am chair [of the board]. But the actual chairman of the company is still my father. We classify the management meeting and the board [together], which he doesn't attend and I chair the management meetings.

I questioned whether this situation would continue when his son (FB4-GEN5(S)) became CEO and whether he would want to remain involved in strategic and management decisions, to which his response was:

Of course I would want to be involved in decisions otherwise I would have no control! Arguably that would be the logical place for me to go and become the Chairman [of the board]. But that would, I think, be somewhat of a problem with my father.

In the first quotation FB4-GEN4(I) (who is currently CEO) is essentially saying that he is the *de facto* Chair of the board, but his father (FB4-GEN3) is still the official Chair. In the second quotation an exclamation mark is used at the end of the first sentence because the participant placed particular emphasis while making this point, which would seem to suggest that this was something he felt particularly strongly about. The content of the sentence suggests that remaining in control is important to FB4-GEN4(I).

It would seem that FB4-GEN4(I) has made strategic decisions to obtain shares from various family members to ensure that he can put his son in charge of the firm. Initially, this may seem as though he has actually 'let go' of the business. However, the final example above shows that he still wishes to have control post-succession vicariously through his son. This seems to indicate a sense of being unable to 'let go' of control of the family business. This example also fits with the idea of family members exerting ownership as a means of control (and thus power); this will be discussed in Section 5.3.2.

5.3.1.2 Operational

Not ‘letting go’ due to a reluctance to give up operational control of the business is the second ‘type’ of ‘letting go’. The first set of examples are from FB6, where three members of the family were included, the two second generation joint CEOs (brother and sister) and the third generation intended successor (the respective daughter and niece of the current CEOs). At the time of the interview there were no plans to make the current third generation member the future CEO, instead it was suggested she would remain a family-director/owner. The family had recently dismissed the external (non-family) Chief Operating Officer who was the planned future CEO of the business. FB6-GEN3(S) explains why her father and aunt are reluctant to give up control of the business:

The problem is that my dad and aunt aren’t prepared, aren’t feeling comfortable about stepping back until they feel confident that the business is in a good place and that they’ve got the right people and the right processes in place.

FB6-GEN3(S) describes how the incumbents do not want to give up control of the business until they feel comfortable with those expected to run the company, post-succession. The idiom “*stepping back*” can be interpreted in several different ways; however it is generally about moving away from, or pausing, an activity while considering different options. Thus, the semi-permanent nature of “*stepping back*” means that her Father and Aunt still remain reluctant to fully let go of the family business. FB6-GEN3(S) discusses how they are not prepared to step back until “*they feel confident that the business is in a good place and that they’ve got the right people and the right processes in place*”. Having the business in a “*good place*” could mean many different things because we do not know what is considered “*good*”. However, she follows up by describing what part of this might include which is having “*the right people and the right processes in place*”. These operational issues concerning people and processes, thus become the only factors we are able to use in understanding why these incumbents are unwilling

to let go of the business. This idea is further supported by a comment that FB6-GEN3(S) makes about her father's inability to become more strategic, she says:

The frustrating part of it all is that dad is supposed to be handing down day-to-day tasks and responsibilities and becoming much more strategic and he's failing to do [both]...he wants to keep his hand on the pulse.

When she says he is failing to hand down "*day-to-day tasks and responsibilities*" and to become "*much more strategic*", this is further indication that he is overly focused on the operational elements of the business and unable to let go. In the final part of the quotation, she states that "*he wants to keep his hand on the pulse*". This idiom usually uses the word 'finger' rather than 'hand', and for the purpose of this analysis I am going to assume that is what the participant meant. When someone keeps their finger on the pulse, this usually means they want to monitor the state of something frequently. When FB6-GEN3(S) describes her father as wanting to keep his 'hand (finger) on the pulse' it suggests that he wants to know everything that is happening, thus displaying his inability to let go of the family business.

In order to understand the perspective of the elder generation in FB6, I asked FB6-GEN3(S)'s Aunt; FB6-GEN2A(I), how she felt about succession and she explained "*In many ways I feel I just can't let go because it was my father's baby*". Interestingly, another participant (not from this family) said something very similar about the way his father viewed the family business; FB4-GEN5(S) said: "*it's [the business] his baby if you want, and I am very aware of that*". Both participants introduce quite powerful imagery that indicates how the business is treated like a baby. This idea of the business as the father's 'baby' aligns with Levinson's (1971) work discussing how an incumbent views the family business as equivalent to his/her 'baby' or 'child' and so the process of succession is the same as 'giving up' or losing their offspring. In the case of FB6-GEN2A(I), it may be that she feels responsible for her father's 'baby' (the business) and

is now struggling to pass it on to the next-generation. This struggle could be due to the emotional ties that she has with the business. Unlike children, who grow up and become adults and live their own lives, the business can remain a ‘baby’ in the eyes of the ‘parent’ CEOs who continue to nurture it and devote vast amounts of time to it. Thus, the business remains the ‘baby’ while the other children leave home and do other things, the business remains under the control of the parents for a lifetime, and so when the time comes to give it up or pass it on, resistance is inevitable.

This notion of the business having ‘parents’ is something which was discussed when FB6-GEN2F(I) (the third member of FB6) described how the business had a patriarchal and matriarchal influence:

I suppose the additional layer of the patriarchal or matriarchal family influence that exudes the place.... In some ways, I think possibly over the last 15-20 years that [the patriarchal or matriarchal family influence] has had a weakening effect on the business.

FB6-GEN2F(I) describes how the patriarchal/matriarchal influence that “*exudes*” the business has done so over a period of 15-20 years. The etymology of the word *exude*, is from the Latin *sudare*, meaning to sweat. Thus, *exude* in the context of the above quotation would suggest that the influence is displayed strongly or openly for all to see. FB6-GEN2F(I) also explained that the length of time the parental influence has existed within the business has had a “*weakening effect*”. At this stage we do not know what kind of weakening effect he means, however from the following extract it appears to be the seriousness with which people have taken their responsibilities:

The thing we have battled with for many years is the degree of seriousness perhaps with which people will view their responsibility, because there has always been that element [of] well it doesn’t matter in the final analysis because mum or dad will sort it out....

And practices have crept in gradually that have been accepted by some upper echelons of management, and that's something I'm no longer prepared to put up with.

He discusses how certain "*people*" do not take their responsibilities as seriously as they perhaps should. "*People*" would seem to be reference to his children when he discusses his perception of their attitude: "*it doesn't matter in the final analysis because mum or dad will sort it out*". In many ways he seems to be suggesting that they continue to rely on him or his sister (FB6-GEN2A(I)) to "*sort it out*" and so he has been forced to step in and 'sort it out' again. This idea of stepping back in to sort out the problems which have 'crept in' suggests that FB6-GEN2F(I) is not ready to give up that role as the one who 'sorts it out'. Sonnenfeld and Spence (1989) highlight that the role of a matriarch/patriarch is the most important position for the founder or the senior family member within the business, because being 'head of the family' defines who they are and the position they have (position and roles will be discussed in Section 5.6), and so 'letting go' of that is difficult.

In FB6, the succession strategy employed had recently failed. This was as a result of a disagreement between the managing directors and the externally appointed Chief Operating Officer (who was appointed with the view to being made CEO). FB6-GEN2F(I) described himself and the current situation:

...in my limited experience of this small business, people are generally the happiest being led by a benevolent dictator, this is does not mean that the dictator shouldn't listen and be accessible...but ultimately did not get the Israelites across the Red Sea by putting it to the vote. So the benevolent dictator is now back in control and we are going to get more clear direction.

There are several elements of this quotation which are worthy of discussion. First, the notion of a benevolent dictatorship is one in which an authoritarian leader exerts absolute power but is

seen to do so for the benefit of the population as a whole. In some cases a degree of democracy is allowed. FB6-GEN2F(I) implies that without his direction, or dictatorship, the business has become weaker, and that he is now going to be taking back control, through the way he manages the business, giving clear direction moving forward. The idea that he “*is now back*” creates an impression that he has returned to save the business from its inevitable fate in the hands of the recently dismissed Chief Operating Officer. Taking this idea of saving the business one step further, he uses a strong piece of biblical imagery (Exodus 14:1-31) in order to highlight that, in his view, consensus and democracy are not always in the best interests of the people involved. In using the image of Moses and the Israelites crossing the Red Sea, he puts himself in the role of Moses and the rest of the people in the family business in the role of ‘The Israelites’. The combination of this biblical reference and FB6-GEN2F(I) declaring himself “*back in control*”, would seem to indicate that he wants to be viewed as a saviour of the business, just like Moses was for the Israelites. However, in order to do this, he will have to wield his control and power. Moreover, the action of ‘coming back’ displays the struggle he is having in ‘letting go’ of the business. Although he has not retired from the business, it could be argued that his ‘return’ to sort out the problems, displays traits of a ‘General’ according to Sonnenfeld and Spence’s (1989) typology of retirement styles. The ‘General’ has to be forced out of the family business but plans to return in order to save the company from incompetent successors.

FB5 is operating post-succession. The current CEO has recently succeeded his mother. FB5-GEN3(S) discussed some issues he was having with his mother’s inability to ‘let go’ of some elements of the business:

My mum is still involved with some elements of the business that she herself probably realises she shouldn’t be and from my perspective it would make sense for her to start to move away.

In this quotation FB5-GEN3(S) explains that his mother is still involved in parts of the business and that “*she herself probably realises she shouldn’t be*”. When he uses this phrase he seems to be describing what his mother thinks, in place of her own voice, to support his argument. In the second half of the sentence he then says: “*from my perspective...*”. This supports the idea that in the former part of the sentence he was not speaking from his own perspective, rather it was his mother’s. He clearly thinks that she is too involved because he says: “*it would make sense for her to start to move away*”, implying that currently she is too close. FB5-GEN3(S) continued by saying that this did not mean he wanted his mother to leave the business entirely:

[FB5-GEN2(I)’s] still got a role to play in the business and we’re just trying to get where we all fit in and get that balance right.

This would suggest that he still sees his mother playing a role within the business, but the at the current time they are in an adjustment period, understanding where everyone “*fit[s] in*”. His mother, FB5-GEN2(I), explained how the succession event happened and how it has left some unanswered questions:

Because it [succession] happened very suddenly, I hadn’t fully formed what I was going to do after the event, if we had had the time, I would have spent more time deciding what my role was. So at the moment we are in the process of ‘what exactly am I doing’? Which is a bit difficult.

Clearly there was time pressure surrounding the succession process, this is evident when she says “*...it happened very suddenly...*” and “*...if we had had the time, I would have spent more time...*”. She confirmed that the business is still in the adjustment period when she says: “*at the moment we are in the process of ‘what exactly am I doing’?*”. This would suggest that there are still unanswered questions about the role she plays within the business. In many ways this kind

of uncertainty could be the cause for her not ‘letting go’ of certain operational elements within the business.

5.3.1.3 Micro-managing

The final ‘type’ of not ‘letting go’ that appeared in the data, concerned an incumbent’s inability to allow people to carry out their own jobs without either, micro-managing their activity or taking over. The examples presented come from FB6, which featured significantly in the previous section. FB6-GEN3(S) discussed her father and expressed worry about how he was going to be able to make senior level appointments:

I worry about how he’s ever going to get to the point of appointing somebody else at a senior level...unless he lets people do the jobs they are employed to do...he says all the right things but when it comes to actually trying to do it, he can’t do it, he can’t let go.

Part of the succession plan for this business, explained at the beginning, was to appoint an external (non-family) CEO to run the company while the family retained ownership. In the above quotation, FB6-GEN3(S) expresses worry that her father is ever going to be able to achieve that senior level appointment “...*unless he lets people do the jobs they are employed to do...*”. Use of the word “*unless*” would suggest that, at present, he is not letting people do their jobs. FB6-GEN3(S) continues by explaining how her father’s actions have impacted her directly:

I mean for example he micro-manages my marketing activity - that kind of thing isn’t going to get him in a position of trust for someone much more senior to come in and run the business.

This quotation highlights a further example of how FB6-GEN3(S) feels her father’s actions could cause issues if a senior, externally appointed, individual entered the business. Crane

(1982) suggests that reasons for the incumbent not wanting to 'let go' include the realisation that they will be spending time away from the firm and the requirement to delegate responsibility to others. The extracts above would seem to support this idea because the incumbent is holding on to control of various aspects of the business. The term "*micro-manages*" has a certain negative connotation which implies a lack of trust between manager and subordinate, and in the context of the above quotation suggests trust issues exist between father and daughter. The notion of trust is further discussed when she explains how her father's lack of it could create issues for the appointment of a future external (non-family) senior manager (given our knowledge of the succession plan we can assume this is in reference to the CEO appointment). In reference to her father she says: "*that kind of thing isn't going to get him in a position of trust*". The academic literature around trust and outsiders in the family business is typically focused on how the family business members struggle to trust outsiders (Dyer, 1989; Sundaramurthy, 2008). However, FB6-GEN3(S) discusses how an outsider will not trust her father (FB6-GEN2F(I)) if he does not learn to 'let go' and to "*let people do the jobs they are employed to do*". This is interesting because it changes the dynamic when considering outside management, FB6-GEN3(S) implies that should these circumstances continue, the company may struggle to bring in outsiders to help run the business, primarily because they (the outsiders) will not 'trust' her father. Thus, the family may have to adapt their practice in order to ensure that the outsider can 'trust' the family.

The sub-theme of 'letting go' has explored three 'types' of 'letting go'. The first 'type' represented those participants that expressed reluctance to legally let the business go. This included issues with concerning ownership and control of the business. The second 'type' explored how individuals did not want to 'let go' of certain operational elements of the business. The third, and final, 'type' was a discussion of an incumbent that micro-managed staff and displayed distrust in external appointments. The first 'type' saw an example of outright refusal

to allow the next-generation to become the successor. In addition, there was an example of a family leader that purchased most of the other family members' shares in order to ensure he had control even after his son took over as CEO. The second 'type' highlighted examples where incumbents were reluctant to 'let go' of the operational elements of the business. One participant in this 'type' discussed how the family business was like a 'baby' and the associated challenges she felt with giving up 'the baby'. The examples also highlighted how reluctance to 'let go' of the business led to feelings of frustration from the successors. Within this 'type', attention was also drawn to one participant's use of biblical references regarding Moses and the Israelites, in order to capture how control was exerted within the family business. The final 'type' showed how some incumbents exerted control, and displayed an unwillingness to 'let go' by micro-managing an individual's activity within the business. Once again, this feeling of being micro-managed, led to feelings of frustration and a risk of outside (non-family) appointments not being trusted by the incumbent-generation. In all examples that have been explored, the notion of power and control has been apparent through the incumbents' reluctance to 'let go' of their position as head of the family businesses. The data presented in this section have shown that there are different forms (as shown by the 'types') of 'letting go' that pose different challenges surrounding the succession process. The next section will explore the sub-theme of ownership and control.

5.3.2 Ownership and control

In some cases, participants discussed the link between ownership and control within the family business. In the previous section of this chapter, FB4 was discussed with regards to how the incumbent had spent many years acquiring shares from family members in order to assert his control over the business. Taking this example one stage further, FB4-GEN4(I) is very clear about the type of family members he wants working in the business: "*...you have no right as a family member to come into this company unless you can bring something to it*". This would

suggest that unless there is a consensus around an individual 'bringing something' then they would not be able to work in the family business. He continues by saying "*I feel quite strongly about those that are working in the business should receive the reward of it [the business]*". The implication here seems to be that those family members who do not work in the business (i.e. those who do not 'bring something') should not have any ownership and thus any reward from it. Danes et al. (2002, p. 32) in relation to Doherty et al.'s (1991) 'Inclusion' element of the Family Fundamental Interpersonal Relationship Orientation (FIRO) model, explain that it "*defines who is in and out of the family business*". Further to this, Danes et al. (2002, p. 32) describe the theoretical Family FIRO model saying that "*issues of inclusion often surface in family businesses when there are differing perceptions of who should be involved in running the business and making business decisions*". It is evident that FB4-GEN4(I) has clear opinions about who should be allowed to work in the family business and thus gain rewards from it. In contrast, FB1-GEN3(S) states:

Ownership is just a piece of paper [in our family]. There is no difference between myself and my cousin in comparison to our fathers, even though we own it [that part of the business], our decision-making isn't any stronger than theirs. It's the same in the Care businesses or vice versa, we make decisions as a family.

This would seem to indicate that decision-making, for FB1, is taken as a family and just because an individual does not control the majority shareholding or work predominantly for that part of the business, it does not diminish that individual's decision-making power. This example offers an alternative approach to ownership and control when compared to FB4, where the incumbent is very much focused on ensuring he remains in total control of the company through ownership of it, thus enabling him to make the majority of decisions. This is further explored in the next example.

In FB4, the ability to control the shareholding gives the incumbent (in this case GEN4) the power to decide who is involved in succession planning discussions. His son, FB4-GEN5(S) explained:

We have, over the last few months, while this has been a more active topic, had various meetings that involved the MD, myself, the company accountant and our professional adviser. We have had three or four meetings, just the four of us to specifically discuss succession planning.

The fact that FB4-GEN5(S) discusses how “*just the four*” of them gathered to discuss succession planning, implies that other members of the family have been excluded from the meetings. Moreover, the language used by FB4-GEN4(I) in the following extract would seem to imply that the decision to appoint his son as managing director has already been made,

In a year’s time I want to hand over the managing directorship to possibly my son, who seems to be proving his record as it were, I am very wary of the fact that he will be managing director of everyone apart from my sister.

The context of this quotation is about the struggle that FB4-GEN4(I) is having with his sister in accepting FB4-GEN5(S) as the next managing director. Given that he says his son “...*will be managing director*...” use of “*will*” seems to imply that the succession decision is reasonably certain. Use of the word “*possibly*” at the beginning would seem to be superseded by “*will*” towards the end. This is also evidence of FB4-GEN4(I) favouring his son to become the successor of the family business. When the FB4-GEN4(I) says: “*I am very wary*...” his use of the word “*wary*”, which means to be on one’s guard against danger, would suggest that he is already anticipating problems with the succession process as a result of his son assuming the role. This example further supports how FB4-GEN4(I) is focused on ensuring he has control of the business through the ownership structure.

In this section, so far, there has been an assumption that ownership (and thus decision-making) within the family business will be ‘given’ to, or ‘earned’ by, the next-generation (whether that be a family member or an outsider). In this context ‘given’ is being interpreted to mean ownership is passed on, rather than purchased. However, FB2-GEN3(I) was required to purchase the business from his father; there was no right to ownership because of the familial connection. The relationship between FB2-GEN3(I) and his father was somewhat fraught as his father told him “*you’ll never own this business while I am alive*”. FB2-GEN3(I) described what happened after a number of years of not speaking to his father:

He rang me up one day randomly and he said just take the business over, I am tired now, I have had enough...I said, ah Dad, yeah come on, I’ll sort it out, let’s do a deal. And I did him a really good deal on the thing...so I parted with a load of money and then kept on parting with a load of money, and he was happy until the fifth year when we made a loss because we had a big deal what went wrong, we fell out again and I gave him more money and he still didn’t go away.

The way the business moved from father to son was not by means of a succession process, in the sense that succession had been planned in advance, rather the succession process involved a negotiation about how much FB2-GEN3(I) was willing to pay for his father’s business. There is evidence of this unplanned succession event when FB2-GEN3(I) refers to how his father called him “*one day randomly*”. After not speaking for several years the participant described how, upon discovering his father had been diagnosed with asbestosis, they reconnected. FB2-GEN3(I) also discussed how this diagnosis led him to offer his father more money for the business:

About two years ago he was diagnosed with asbestosis...so we decided to get back together...we took him to Dublin for the weekend...I thought sod it life is too short, you know just call it a day, I’ll gave him another £100,000 and that will be it, I’ve already

parted with £600,000 – 700,000, but nah I thought I'll give him another 100 and that will be all right.... Then the Monday we got back he called me up and said, is that all I'm worth is it? I thought fucking hell!

The excerpt suggests that the diagnosis of asbestosis, which reduces life-expectancy (Diandini et al., 2013), was the reason they started to speak again. Further to this FB2-GEN3(I) appears to reflect on mortality when he says: *"I thought sod it, life is too short"*. This idiom would usually be interpreted to mean one should not waste time or worry about things that are not important. In other words, the time you are alive is limited, therefore you should not worry about things that are unimportant. This kind of event is linked with the realisation that *"the company will live but I won't"* (Barnes & Hershon, 1976, p. 113). Although the diagnosis of the illness does not become apparent until the second time they discuss the terms of purchase (the second of the two quotations from FB2), it is not known if FB2-GEN3(I)'s father had experienced symptoms before which may have prompted his original phone call (which was described as random in the first quotation from FB2-GEN3(I)). This kind of behaviour would align with the literature, which suggests that founders only begin to engage in a discussion of succession when they are faced with their own death or that of someone close to them (Ambrose, 1983; Kets de Vries, 1993; Lansberg, 1988). After continued negotiation, FB2-GEN3(I) explains that his father remained unhappy with the terms: *"Then the Monday we got back he called me up and said, is that all I'm worth is it? I thought fucking hell!"* In raising the question *"is that all I am worth is it?"*. FB2-GEN3(I)'s father is suggesting that he, and the business, is/are worth more. The expletive used by FB2-GEN3(I) indicates his exasperation with the whole situation. In the examples that have been presented from this family, there is evidence of arguments and disagreements regarding ownership and control. This is evident from the outset when FB2-GEN3(I)'s father outright refuses him access to the business, up until the end where they are disagreeing about the value of the firm. This example is useful when considering the challenges

for the succession process, because it highlights that the lack of a succession plan can sometimes lead to situations similar to the ones I have described in this family.

This section has presented various participants' opinions regarding ownership and control. As such, throughout this section examples have been presented that seem to suggest varying levels of control through ownership arrangements. The examples ranged from one participant explaining that ownership and control did not necessarily go hand-in-hand, describing ownership as "*just a piece of paper*" through to examples of family businesses where ownership, and thus control of the business, was considered a privilege and should be reserved only for those who 'bring something' to the business or work in it. Beyond this, there was an example from one family business where ownership was not considered something that would be handed to the next-generation, rather the incumbent expected his son (the successor) to buy the business. The wide range of ways that ownership is impacted by control poses challenges for the succession process. The different dynamics and issues that are present within different families means that there is no single 'solution' when designing the succession process. Thus, families and family business consultants should be aware of how these dynamics will inform the design of the process. The next section will explore the issues surrounding growth and control within the family business.

5.3.3 Growth and control

Previous sub-themes in this section have discussed notions of power and control through the language participants have used to describe various situations or states of relationships. This sub-theme also looks at power and control by exploring examples where the terms are directly quoted by participants in their discussions. Some of the participants linked the idea of growth (of the family business) with decreased control over the business. The nature of 'having control' means that the individual or group that possess control, has the ability to control activity within the business.

In the first example the individual discussed had experienced relationship issues with his father, the focus of which was his father rejecting him as a potential successor. The language and examples that he uses suggests that he likes ‘having’ control. FB2-GEN3(I) explained the characteristics of the business he set up (independent of his father):

When I set the company up in 1992 it was the beautiful universe that I wanted, the one that I thought should be a family business right, I created that.

He continued later in the interview to discuss the business as it is today, after he bought his father out and merged the two companies together: *“It’s about the family and making them feel that it’s a great place to come because I have created a universe that I want everyone to be happy in you know, so I want it to go on forever”*. The context within which these quotations are framed is important; FB2-GEN3(I) had previously described the situation he had experienced with his father and the rejection he faced as a young man wanting to take over his own family business. In both of these extracts there is a sense that FB2-GEN3(I) has ‘created’ a different environment to the one created by his father, one in which he wants people to be happy (unlike he was). He seems to be very conscious of his ‘ideal’ of a family business when he says *“...it was the beautiful universe that I wanted, the one that I thought should be a family business right...”*. The fact that he talks about the one he *“thought should be”* implies a comparison is being made between how his father operated the business and how he now operates it. The other important thing to consider in these quotations is the notion of ‘creation’. Terms such as ‘universe’ and ‘creator’ could be interpreted as religious iconography; these terms would usually be used when discussing a God as creator of a universe in which humans exist. Instead, FB2-GEN3(I) uses ‘the universe’ to represent the family business and puts himself in the role of ‘the creator’. This triangulates with an earlier example concerning religious imagery in FB6, where the incumbent puts himself in the role of ‘Moses’ and his employees in the role of ‘The

Israelites' in order to describe his intentions regarding leadership (p. 129). Finally, FB2-GEN3(I) states "*I want it to go on forever*", a statement which indicates that it is important for him for this 'universe' he has 'created' to continue posthumously. FB2-GEN3(I) discusses the importance of growth and control when he describes how he made particular decisions concerning staffing:

We could be making a load more money each month. I've got the capacity to do £6.2 million. We are [currently] running at about £2.5 - £3 million but I know we can do £6 million. I could be making, you know £500,000 [profit] a year if I had reduced certain services, reduced some of my overheads and perhaps got rid of some key people, but then what is the point of crippling [the business]. So, we got down to 28 [members of staff] and I said that's it, no more. That is our base because what's the point in going down to something you can't grow at all. And I know when it all starts growing [again] I'll say right I want [more staff], I need [more staff], I'll expand and everything will cost me a lot more money.

This quotation seems to support FB2-GEN3(I)'s desire to enable the business to "*go on forever*" by controlling growth. He says that "*we got down to 28 [members of staff] and I said that's it, no more*" implying that prior to this there were more, and that reducing the number staff to 28 was sufficient. Towards the end of the quotation he states: "*I know when it all starts growing [again] I'll say right I want [more staff]*". This, combined with what he said about the reduction of staff at the beginning, suggests that he has purposefully reduced the business costs (in terms of staff costs) in order to control for market shrinkage. This seems to imply that controlling growth is an important part of managing the success of the business. In addition, he seems to imply that there is an acceptable number (28) and anything below that would make it difficult to

grow the business: *“So, we got down to 28 [members of staff] and I said that’s it, no more. That is our base because what’s the point in going down to something you can’t grow at all”.*

The kind of attachment that FB2-GEN3(I) shows towards the business, i.e. from it being the ‘universe’ that he created after rejection from his father, to cultivating and nurturing it through challenging times (growth and control), could create challenges for the succession process. ‘Having’ the kind of control and power and legacy that this participant describes could be perhaps considered the ultimate realisation of his original desire to run the family business.

FB7-GEN1F(I) explained that he felt comfortable with his son expanding the business in the future however he cited lack of control as the reason he had not personally expanded the business:

I would say possibly in the next four or five years, I would be happy for him to go down that road...but I personally don’t want the extra workload...the reason I don’t want more than two sites on the go at any one time is because you’re employing more people across a larger geographical area, and to be honest you’re just not in control.

In this example the idea of growth and geographical expansion makes FB7-GEN1F(I) feel as though he will lose control of the business. He makes it clear that he does not want to do this by saying *“...I personally don’t want the extra workload...”*. This could be because he has reached a certain point in his life where he feels comfortable and thus does not want the associated *“extra workload”*. He does however say that he would be happy for his son to *“go down that road”* if he wanted to. Not ‘having control’ in this example is seen as a negative because it means potentially expanding the business, which could include having to manage multiple sites of operation, employing new staff and the associated administrative burden that this would place on the business and the expansion of a geographical base which would pose logistical challenges.

FB7-GEN1M(I) was asked a similar question about expansion. She replied by taking things one step further, stating that the reason for FB7-GEN1F(I)'s success in the past was that he was able to control the quality of work, by not growing the business too much. FB7-GEN1M(I) explained:

Well you lose control don't you? And the standard of work slips, because you see it in other big companies...it [the standard of work] isn't up to scratch, which is probably why he [GEN1F] has kept his work over the past 20 years or so.

The implication in this quotation is that FB7-GEN1F(I) has managed to keep a good standard and volume of work over a number of years, due to keeping control. This is evident when she says "*which is probably why he [GEN1F(I)] has kept his work over the past 20 years or so*". Presenting the idea that control has enabled success may suggest that she does not believe the growth strategy needs to change. Much of this section, so far, has framed power and control as quite negative dimensions. However, in FB7 family members suggest that controlling growth has led to sustained business success. 'Having control' of growth is clearly important for this family, however, Ward argues that controlling growth is not necessarily about sustaining business success but sometimes it is the family "*avoiding decisions that may threaten their image or economic security*" (Ward, 1997, p. 324). This could result in a challenge for the succession process if the next-generation does not agree with this more measured approach to growth.

FB3-GEN2(S) discussed growth and control, but within a slightly different context. He discussed how the company has changed in recent times: "*The firm has grown that quickly at the minute it's frightening really, the pace we're growing at...it's been an absolute whirlwind*". The company has grown very rapidly (post-succession) due to various changes and new

initiatives which were introduced when FB3-GEN2(S) took over. Later in the interview he explained the impact of this growth:

Now we're at the stage where I need someone looking after the finances and the books and the invoices you know. Cos (sic) it's getting too much for me to be now doing everything you know.

This extract highlights how 'having control' for FB3-GEN2(S) is associated with 'doing everything'. He states that because the business has grown so quickly he needs someone to *"look after the finances"* because doing everything is *"getting too much"* for him. This step away from doing everything himself and relying on someone else could be considered loss of control. Building on this further, the idea of growth leading to loss of control is explored in the next example, where FB3-GEN2(S) explains how his accountant warned against rapid growth:

He [the accountant] is saying be careful about growing too quickly but I didn't really have any sort of control of it because the things that are coming up are too good to pass [up] you know.

This example highlights a slightly different type of not 'having control'. It suggests that, due to external opportunities which are *"too good to pass [up]"* the participant loses control: *"I didn't really have any sort of control"*. This type of not 'having control' is thus characterised by circumstances that are beyond the participants' personal ability to control. Despite this, the external factor (work opportunity) reciprocally impacts the participants' personal ability/control. The business does not, at present, appear to have the capacity to undertake the work which is being accepted. This is suggested in the first quotation when FB3-GEN2(S) says things are *"getting too much"*. However, FB3-GEN2(S) wants to take the opportunity of work which is available in order to grow the business for the future. As a result of this dichotomy, he seems to be feeling vulnerable because he is not in control of the situation. The reality, however, is that he

could be in control of the situation, he could refuse work in order to regain some control, but the lure of growth is *“too good to pass”*. Lack of control in this sense is related to the pace of events which have moved *“too quickly”*. When FB2-GEN2 says *“things that are coming up”* the term *“coming up”* implies that the *“things”* are unexpected and thus appearing at a pace which is difficult to control.

Building on the theme of growth and control, FB4-GEN4(I) explained how rapid growth can lead to a lack of control within the business:

It's the quickest way to dissipate it [the business] by exponential growth, you end up with the management not having control of the company and the company cannot have a long fruitful future.

The first point to note from this quotation is the reference to exponential growth, when he says *“the quickest way to dissipate it [the business is] by exponential growth”*. The word *“dissipate”* in this context has been interpreted to mean scattered or dispersed, or broken up. This interpretation, combined with his comment about growth, implies that rapid growth can lead to the business breaking up, which is a form of losing control. The second point to discuss is his reference to management not having control: *“you end up with the management not having control of the company”*. His use of the term *“the management”* (in the third-person) could be interpreted to mean that he views *“management”* as something separate to what he is (an owner). Combined with previous examples in this chapter (p.132) regarding the participant's long-term strategy to buy shares from the family so that he could have control of the business, the separation of himself and the management could indicate his motives for limiting exponential growth being less about management losing control, but more about his losing control.

In FB7, both GEN1M and GEN1F discussed how it was important for their son to understand about having control of the business. FB7-GEN1M(I) explained: *“He’s [GEN2] only just started off as a director but he’s had people working underneath him before so he is used to it”*. FB7-GEN1F(I) said: *“As he is getting more responsibility he is getting more men working under his control”*. In these two examples the participants use language which focuses on a hierarchical control (hierarchy as a sub-theme will be discussed in Section 5.5.2). Phrases such as *“people working underneath”* and *“men working under his control”* portray FB7-GEN2(S) as being a superior and people in the organisation as subordinates. FB7-GEN1M continues by saying: *“I mean he [GEN2] is very capable...capable of bossing men”*. Once again FB7-GEN1M(I) uses language which links to the notion of control over others; however, she also links the idea of control over others to capability. This would seem to imply that FB7-GEN1M(I) believes her son (FB7-GEN2(S)) to be a worthy successor because of his ability to exert control by ‘bossing men’ around.

This sub-theme has analysed the different characteristics of growth and control within family businesses. These characteristics have included: how keeping control helped to maintain quality (FB1), how rapid/unexpected expansion/opportunities led to decreased control and how displaying control shows capability. These examples have shown how the varying characteristics of ‘having control’ over growth could create challenges for the succession process. These challenges could come from issues such as differing opinions between generations about the amount of expansion and growth the family business should pursue in the future. In addition, the examples have shown how not having a suitable process in place when rapid growth occurs, could leave the business vulnerable because control is lacking. Thus, appropriate consideration regarding the succession process is important because the specific challenges which each individual family business faces are unique. The next section will explore where participants discussed threats to, and struggles for, power.

5.3.4 A ‘tug of war’

In the analysis thus far, the discussion has focused mainly on the assertion of power and control.

The following section will explore instances where participants expressed concerns over threats to, and/or struggles for, power and control within the family business. In FB4, GEN4(I), has spent several years acquiring shares from family members so that he can control the family business; earlier themes explored this in more detail. In response to a question asked about any problems he was currently facing with the succession process FB4-GEN4(I) described the following situation with this sister:

I do have a bit of a problem with my sister at the moment. I thought things would be better after she sold [her shares], she got the money, she didn't feel like she had the time [to be in the business]. But it's almost now as though there is resentment to others, which I find, something I hadn't anticipated. It's something which is quite difficult.

Further to this he made comments about his sister feeling threatened by new members of staff:

It became quite difficult and when we tried to employ in the department in which she really oversees, we tried to employ higher calibre staff, it's almost as though she doesn't want them because she views them as a threat. It is really quite a difficulty, whereas the rest of us are trying to get on.

These two extracts highlight a few issues which need to be discussed further. The quotations are, by their nature, one sided; only representing the brother's point of view. Initially, an interview was scheduled with the sister but she was unable to make the meeting at that last minute. In the second quotation the participant makes it clear that he thinks his sister feels threatened by new, higher-calibre, staff. *“it's almost as though she doesn't want them [the new staff] because she views them as a threat”*. This is supported by what he says in the first quotation about the relationship issues this is causing between the siblings: *“But it's almost now as though there is*

resentment to others, which I find, something I hadn't anticipated. It's something which is quite difficult". Further to this, FB4-GEN4(I) was asked about how he envisaged the relationship with this sister developing if he became Chair and his son became CEO, he said:

I think it's going to be extremely difficult because at the moment I get the feeling, we've got a whole board pulling one way and one person is pulling another...we'll [reach] agreement on strategy and then someone will come out and do [something] diametrically opposite.

FB4-GEN4(I) seems to make a point of conveying the message that everyone does one thing and his sister (referred to as the 'one person' and 'someone' in the quotations) does another. By using the phrases "*[the] whole board pulling one way and one person is pulling another*" and "*diametrically opposite*" FB4-GEN4(I) seems to create a mental image, in the mind of the listener, of a 'tug of war' type scenario, where everyone in the business is pulling one side of the rope and FB4-GEN4(I)'s sister is pulling the opposite side. It is important to recognise that FB4-GEN4(I)'s choice of language, such as "*pulling*" and "*opposite*" creates an impression of tension between 'everyone' and his sister. The impression of tension immediately makes the observer think about conflict between the two parties and how this is affecting the family business. Jehn and Mannix (2001, p. 238) describe conflict as "*awareness on the part of the parties involved of discrepancies, incompatible wishes, or irreconcilable desires*". The 'tug of war' type scenario that is described above does seem to align with Jehn and Mannix's notions of discrepancies and incompatible wishes. It is however, impossible to know if there is awareness on the part of both parties because FB4-GEN4(I)'s sister was unavailable for an interview. However, from the conversations FB4-GEN4(I) recalled, it appears that conflict may exist between the two parties. It could be that the parties, in this case, are just the two siblings, rather than 'everyone'; as FB4-GEN4(I) describes, this would certainly be plausible given the gender

bias which exists in the business (discussed in Section 5.4) and the fact that FB4-GEN4(I) wants his son to take over the business (evidenced when he uses the future tense “*will*” when he says his son “*will be the managing director*” (p. 135)).

FB4-GEN4(I) describes two further scenarios which would seem to suggest his sister is feeling a threat to her power/control within the business. The first is his description of the issues he faced when trying to arrange my visit to carry out research. In his recalling of the various conversations that took place with his sister about the research visit, he quoted the types of questions she asked “*you know it’s as though “what’s going on, I don’t know anything about it, who is it?”*” Further to this he attempts to lay doubt in the observer’s mind about his sister by saying “*I said well actually you do know all about this and you were involved in setting the date, subsequently said you couldn’t, we offered to get it moved and you said there was no need*”. FB4-GEN3 may be attempting to portray the alleged weaknesses of his sister in order to make his point about her being difficult about succession. However, in so doing it displays her possible difficulty with others taking control of situations, and her alleged scepticism about outsiders being involved with the business.

FB4-GEN3 also makes a suggestion that his sister could be feeling threatened by his son (FB4-GEN4(I)). He discussed how the business was developing in relation to finances,

She’s [GEN3’s sister] never really been involved with the finances, I’ve always been involved in that, I now get the accountant, the in-house accountant, to come in. I get my son involved and suddenly there is this feeling of “I’m being excluded”, well you’re not, you were just never interested in it when it was me dealing with it, it was fine, but now “hang on what’s the next-generation doing”.

FB4-GEN4(I) repeatedly ‘speaks’ in his sister’s ‘voice’ while answering questions, the first time he does this in the above quotation, he expresses how she is feeling excluded. He suggests that

her feeling of exclusion has only arisen as a result of his son's involvement in the finances: "*I get my son involved and suddenly there is this feeling of "I'm being excluded"*". Use of the word "*suddenly*" implies that her feelings were unexpected. Although she has not previously had control of the finances, she obviously felt comfortable with her bother dealing with this part of the business, this is evident when he says "*[she was] just never interested in it when it was me dealing with it*". However, now that information about finances is being shared with the younger generation, she may feel she is losing control.

This sub-theme has explored how threats to power and loss of control become apparent within family businesses. The findings throughout this section have raised a number of issues that highlight some challenges for the succession process. Issues have included: displays of resentment by incumbents towards the next-generation, due to power and control being threatened; incumbents feeling threatened by outsiders coming into the business; and how struggles to manage the issues that arise between family members are as a result of perceived loss of control. The ways that power and control appear in these issues provide examples of the challenges that families face when managing, and planning for, succession.

This theme on power and control has explored four sub-themes: 'letting go', ownership and control, growth and control, and a 'tug of war'. Each sub-theme has contributed examples from the data that have shown how issues concerning power and control can pose challenges for the succession process. In the first sub-theme three 'types' of 'letting go' were identified and discussed, they highlighted how individuals within family businesses exerted power and control in order to remain involved with the business. These different 'types' of 'letting go' pose particular challenges for the succession process for two main reasons. The first is the varying ways (as evidenced by the 'types') that not 'letting go' can emerge within family business. The process of discovering how these 'types' could be present in a family business is seemingly a

complex challenge, but one that would seem important when designing the succession process. Secondly, there is evidence within the data which highlights that not ‘letting go’ can evoke feelings of frustration and mistrust amongst family members. Some unique and interesting findings that emerged include the use of a biblical reference (Moses and the Israelites) to describe control and the business described as a ‘baby’.

The second sub-theme explored how the data have shown a varying degree of control with regard to ownership in family businesses. The examples ranged from ownership being ‘just a piece of paper’ to ownership being linked to the things that an individual can ‘bring’ to the business, to ownership of the family business having to be purchased by a son, from his father. The varying degree of control across the data highlights how different challenges exist for different family businesses and so there is no ‘one size fits all’ approach to the succession process.

The third sub-theme discussed how growth and control were linked. There were examples of how heightened control over the business aided in managing quality and how rapid expansion can lead to decreased control. In addition, there was an example of how an incumbent assumed that a successor was capable of running the business because of the control he displayed in managing people. There was an interesting finding that also emerged from the data (this also occurs in later themes) that seemed to suggest that a wider geographical location, i.e. distance, of the business operation impacted the extent to which control could be exerted. These examples helped to understand that each family business has unique approaches to control and thus particular challenges that they need to overcome when considering the succession process.

The final sub-theme explored how arrangements that were put in place as a result of succession planning led incumbents to feel that their power and control were threatened. This included feeling threatened by other family members and outsiders (non-family) who were potential

successors or future CEOs. Thus, the challenges for the succession process seem to be about finding ways to adequately manage individuals' feelings concerning power and control being threatened, while protecting relationships between family members so that conflict does not arise. The next theme will analyse the gender issues that have arisen within the data.

5.4 Gender

This theme explores how the issues of 'gender' that arose during interviews with family members, are relevant to the discussion regarding the challenges for the succession process in family businesses. The analysis that is presented can be broadly separated into two areas. The first includes discussions regarding the role of women in the family business, and how the gender divide can provide insights into the challenges for the succession process. The second area is about how women are treated in the family business when making decisions about having children.

The first data extract, from FB1, shows how the men in the business work in a senior capacity and the women do not. FB1-GEN3(S) explained:

Actively working in the business there are four; myself, dad, uncle and his son (my cousin). So they are the main four actively working...the sisters or wives work depending on availability but not in a senior capacity.

In this quotation FB1-GEN3(S) discusses those who 'actively work' in the family business, explaining that it is only four individuals. However, he concludes by saying that sisters and wives work in the business when they are available but not in a senior capacity. The way he has crafted this narrative highlights that he does not believe these women (sisters and wives) to be 'actively working' in the business, only those (males) in a 'senior capacity' 'work' in the business. The implication is that women are not at the forefront of management positions, or in this case, what GEN3 terms a 'senior capacity'. Traditionally, wives or mothers fall into this

category of women working ‘behind the scenes’ (Aronoff, 1998; Gillis-Donovan & Moynihan-Bradt, 1990).

FB1-GEN3(S) continued by explaining how succession is dealt with in India:

So even if you take it back to India, we are essentially farmers, that’s what we are - going back generations. We own land, not huge amounts, but every farmer in India has a piece of land and the way it is [passed down]...succession for that land is always from father to son equally, not daughters. And that has pretty much carried on ever since, so what you’ll find is whatever businesses my Grandad had he passed equally to his sons and then they would pass it to their sons.

In this example, FB1-GEN3(S) discusses the role of women in relation to the cultural origins of India. The quotation seems to suggest that it is the cultural norm (in India) for males in the family to be the heirs to the business (or land in the example he uses). Marsack (1993, 1994) discusses this gendered role divide where the male runs the family business (or owns the land) and the female remains at home and deals with the family. FB1-GEN3(S) is very clear in explaining that women do not receive the land which was owned by the family and, as a result, it would seem they treat businesses in the same way.

Continuing this theme of the role of women in India, FB1-GEN3(S) explains:

Daughters would get, you know they may get money, but not ownership of business which is seen as the same as land over in India.

He begins by using the modal auxiliary verb “*would*” as a preface to the lexical verb “*get*” in relation to daughters receiving money (instead of the business). However, FB1-GEN3(S) corrects himself and changes the modal auxiliary verb to “*may*” and thus alters his degree of certainty regarding the outcome. This is important because it could be interpreted to mean that

sons are not favoured over daughters in Indian culture, as daughters receive equitable financial inheritance. However, by FB1-GEN3(S) changing the degree of certainty in this sentence, he casts doubt on the likelihood of this happening, and so brings into question the gender issues with women within this family business.

The final point from this participant explores the family's approach to tax planning:

They [the companies] all used to be shared between six, just for tax reasons, Grandad, Grandma, Uncle, Aunt, Mum and Dad.

FB1-GEN3(S) clearly states how the company shares were previously divided between six individuals, three of which are spouses to the males involved. He justifies this by stating that it was done this way "*just for tax reasons*". Use of the adverb "*just*" in this context means 'simply'. Combined with the previous quotations from this individual regarding women's ownership rights, the fact they are allowed ownership in this example would suggest that the females were owners in name only to serve some purpose. Although he does not say explicitly what this purpose is, we can assume that it probably means to avoid the 'true' owners (the men) paying more tax than was necessary. The notion of primogeniture, although usually focused on the first born son only (Kets de Vries, 1993; Levinson, 1971), has resonance here in the sense that males are being chosen to own the business over women, purely based upon their gender (Hollander & Bukowitz, 1990; Keating & Little, 1997; Martin, 2001b). The fact that women are being 'used' in this family business to reduce tax liability supports Frishkoff and Brown's (1993, p. 66) notion that women belong to the "*outward division of labour*". Put simply, they are on the periphery of the business rather than operating at its core. This triangulates with a previous example from FB7 (p. 141) where control is associated with physical location, the participants in this example felt that working in a wider geographical (or physical) location caused a loss of control within the business. FB1-GEN3(S) was clear in saying that "*I suppose,*

culturally that's just the way it is and we all know the way it is". In saying "we all" he is clearly trying to convey the message that everyone (both males and females) are accepting of the arrangement which is the 'norm'. That may be true, but this is from his perspective only, the male perspective, thus we do not know whether the women agree.

The examples that have been explored in this family have included: women's roles 'behind the scenes' and the gender divide that exists between men and women when it comes to ownership of the family business. The latter includes categorisation of men and women into particular roles depending on gender and using women to achieve tax relief. These examples suggest the potential for gender inequality, which could lead to particular challenges when planning for succession.

In FB4 there are several references to gender which need to be explored as they have a bearing on the challenges for the succession process. FB4-GEN4(I) is very critical of his sister and her actions within the business, some of these issues have been explored in earlier themes, but this theme will focus on trying to understand how these critical statements also appear to be gendered statements about women in the family business. FB4-GEN4(I) makes it very clear that he believes only those who 'bring something' and work in the business should have any ownership of it: *"...you have no right as a family member to come into this company unless you can bring something to it...I feel quite strongly that those that are working within the business should receive the reward of it"*. He also discusses his approach to children owning the business,

There is no way if I've only got one child working in the business I can both fulfil my wish to treat both children equally and fulfil my wish that the business continues indefinitely. Therefore, you have to have a balancing act and you have to say, or I

choose to say, that my feeling is that those that are working in the business should eventually take ownership of it.

This extract would suggest that FB4-GEN4(I) is aware that his overriding principle regarding ownership leads to unequal treatment of his children. The way that he constructs the sentence *“There is no way if I’ve only got one child working in the business I can both fulfil my wish to treat both children equally and fulfil my wish that the business continues indefinitely”* implies that if he treated both children equally then the business would not continue indefinitely.

Although this does not directly discuss which child will be treated less favourably, the extract implies that it will be the one who is not working in the business. However, from other parts of the interview he classifies his daughter as not working in the business and thus implying it is the daughter who will not be treated as well. This issue is further explored in the discussion following.

After discussing at length the strategy he has employed to ‘buy out’ family members’ shares over a number of years FB4-GEN4(I) discusses his sister and his children:

She [sister] has no family so there seems little point in her having shares in the business to take to the grave, there seems little point [in having them], she might as well have value for them [now].

She’s now had her value from it [her shares] which she’s at liberty to spend whatever she likes with, which actually makes absolute sense for her who’s got no family to leave it to. In my own case things are a little bit different because my children are only early 30s, some of the shareholding had been passed across to both of them, but it now happens my daughter has had a child and there is no guarantee she is even going to return to work, or to work for the business at any stage.

So there was various assets that have been passed over from one generation to the other and it's being in discussion with them and following my own ethos, that you need to try to keep it, maintain the ownership of the business within those that are working within the business. She [daughter] has had a predominance of other assets; she's not working in the business. And my son has had a predominance of shareholding within the business.

A repeated theme which emerges from FB4-GEN4(I) is that working in the business is important when thinking about ownership. There are two main issues which relate to gender in the aforementioned quotations. The first is the contradictory statements FB4-GEN4(I) makes about having children; the second is his repeated narrative about the importance of working in the business. The rationale FB4-GEN4(I) states for wanting to obtain his sister's shares is that she has no family to leave them to, implying that if she did have children there would be a point to her retaining the shares. FB4-GEN4(I) continues the discussion by explaining how his daughter has had a child and that *"there is no guarantee she is even going to return to work"*. This uncertainty would suggest that the decision about her returning to work is yet to be made. However, in the next quotation he states *"She [daughter] has had a predominance of other assets; she's not working in the business. And my son has had a predominance of shareholding within the business"*. Now FB4-GEN4(I) has changed her status within the business to *"not working"*. This seems like a premature assumption given his previous statement that implied she was yet to decide about coming back. The extracts indicate that he makes different types of claim, normatively; he holds that (i) shareholding *should* only matter to individuals if they have children and that (ii) children *should* only have a claim to ownership if they work in the business. Factually however, he makes claims about whether his daughter will ever meet condition (ii). It seems as though women in this example can never do the right thing, they are criticised for not having children but when they do they are excluded from the business. At the

end of the interview with FB4-GEN4(I) was asked how confident he felt in handing the business to the next-generation, he replied: *“I think the truth of that is, he’s not quite ready, but very nearly”*. The fact that FB4-GEN4(I) uses the subject pronoun *“he”* clearly highlights his intention for his son, FB4-GEN5(S), to be the successor.

Interestingly, FB4-GEN5(S) makes a passing comment about his sister which is important to consider in the context of gender, as it is relevant to the challenges for the succession process in the business. In discussing the membership of the management meeting he said:

The management meeting involves the four directors of the fourth and fifth generations who are at work, plus the company accountant, plus my cousin who manages our stone masonry business, plus my sister when she’s actually at work (laughter by participant).

The way in which this sentence is constructed is interesting because when FB4-GEN5(S) discusses the *“fourth and fifth generations”* he does not make any reference to his sister. Instead he mentions her at the end of the sentence, the word *“plus”* seems to suggest his sister is an afterthought. FB4-GEN5(S) placed emphasis on the word *“when”* and in conjunction with the adverb *“actually”* he implies that she is not in work regularly. This assumption is also supported by the action of a small laugh that was heard by the researcher at the end of the sentence. This narrative combined with the action of laughing would seem like an attempt to question his sister’s commitment to the business. This relatively short passing comment could be an indication of a developing attitude towards women.

The examples that have been discussed regarding FB4 pose two potential challenges for the succession process. The first is the possible issues that could develop between father and daughter due to feelings of inequality when compared to her brother. The relationship issues that this could cause could jeopardise the family and the succession process that is put in place. The

second challenge could be caused by the relationship between siblings (brother and sister). Once again this could be caused by unequal treatment, and thus feelings of resentment in the future.

This theme on gender has been, broadly, split into two areas. The first area focused on the role of women and the gender divide that existed. The data showed how the gender divide was present through examples of women and men being categorised into certain 'roles', such as men who owned and ran the business versus women who were not involved in decision-making or ownership, purely as a result of gender. In other words, women were on the periphery of the business and thus had less control over it. Interestingly, this can be triangulated to a previous example of physical distance and decreased control. The associated challenges for the succession process include the potential for relationship issues to arise between siblings and between parent and child (e.g. fathers and daughters). In the second area that emerged from the data, certain discriminations surrounding ownership were made against women for failing to have children, while conversely they were also criticised and discriminated against for having children. Like the first area, the challenges for the succession process could arise from relationship issues between siblings, and parents and children. The next theme will focus on how the notion of 'status' in the family business can pose challenges for the succession process.

5.5 Status

This theme includes three sub-themes and explores how status was portrayed by members of family businesses. The first sub-theme, 'respect and loyalty', explores how individuals wanted respect from people around them, or how they showed loyalty to the family business. The second sub-theme is 'hierarchy': it explores how hierarchies exist within family businesses and how the enmeshed systems of family hierarchy and business hierarchy can cause problems for the succession process. The final sub-theme is 'age'; a discussion will take from the perspectives of both successors and incumbents, and explore some of the associated challenges with the

succession process such as: primogeniture, motivation for succession at a particular age and the impact of successors' promotion at a young age on the family dynamic.

5.5.1 Respect and loyalty

FB2-GEN3(I) described an experience he had at one of his building sites two weeks before the interview. He explains how, as a result of him allowing staff to operate on their own, he visited a site and not everyone recognised him. In addition, he talked about the kind of respect he wanted from people:

So I turn up and they have been doing stuff on their own for a year or whatever. So I go up to James Street which is a million and half pound job, a good size job, I walk up and I don't even know the surveyor, they are all laughing etc. He clearly didn't know me. They gave me a little bit of respect as I come in and I am joking, but I know the QS and it was really good...I felt really proud because I said to you know it's irrelevant if I am here or not...Obviously I was like now I am here I want respect and I took them all out for a drink and everyone gave me respect and that was great.

The participant shared this experience in response to a question that was asked about succession. It would seem that the primary purpose of his response was to demonstrate how well the business was coping without him managing the day-to-day operations: *"I felt really proud because I said to you know it's irrelevant if I am here or not"*. However, it also uncovered the enjoyment he gains from receiving respect and the expectation he has of others to give him respect. In this short extract he repeats the word *"respect"* three times, all in the context of either wanting or receiving respect. When he says *"Obviously I was like now I am here I want respect"* the use of the adverb *"obviously"* at the beginning of the sentence implies that he believes I, as the researcher, would completely understand why he would demand respect in that situation, moreover that this is a completely normal expectation for someone like him to have.

The purpose of this analysis is not to reach a conclusion about the researcher's expectations; rather, it is to highlight how the participant sees himself relative to others and the status he believes he holds. Furthermore, in the final line he says "...everyone gave me respect and that was great". This would seem to suggest that he enjoys the feeling of being respected by others. This notion of FB2-GEN3(I) wanting respect is further supported by a statement he makes while re-calling an argument with his father,

I said, Dad, I'm fucking (emphasised by raising voice) 50 years old right and I'm still looking for your respect...I'm not (emphasised by raising voice) a child anymore.

This quotation highlights that his desire to be respected extends to the relationship he had with his father. Clearly by re-calling this, FB2-GEN3(I) did not think that he had gained his father's respect. This may be a reason why he desires respect because he was unable to gain it from his own father. In the above extract, FB2-GEN3(I) makes reference to age twice, the first time reminding his father that he is "*fucking 50 years old*" and the second time to say "*I am not a child anymore*". These two references to age are focused around him looking for respect from his father, thus suggesting that age and respect are, in some way, related, i.e. one gains respect over time. The participant places emphasis on two words in the above extract by raising his voice, these words "*fucking*" and "*not*", both precede references to age. The raising of his voice and use of the expletive would suggest that the participant was frustrated with the lack of respect his father showed towards him. Founders and incumbents wanting to be respected is not an uncommon trait, the status that family business leaders have often defines who they 'are' as individuals, in other words "*the business represents an extension of himself*" (Handler, 1994, p. 138). In the case of FB2-GEN3(I) he has moved away from the business slightly and allowed his staff to work on their own (i.e. without him involved), this is evident when he says: "*they [staff] have been doing stuff on their own for a year or whatever*". His move away from the business

has led to a degree of disassociation with it, this is best exemplified by his remark *“I walk up and I don’t even know the surveyor...he clearly didn’t know me”*. This implies that, previously, when he was more associated with the business, they would have known each other. In his statement *“now I am here I want respect”* use of the adverb *“now”* implies that at the present time, in this physical place, he wants respect and control. This notion of control being linked to location triangulates with previous examples such as that in FB7 where geographical expansion (i.e. physical location) limits control (p. 141) or in FB1 where women being on the periphery of the business rather than at the core limits the amount of control they have (p. 153). In slightly moving away from the business, FB2-GEN3(I) has perhaps lost some of the *“narcissistic pleasures”* (Kets de Vries, 1993, p. 313) that might be associated with owning and operating the family business, such as everyone knowing who he is and automatically giving him respect. This loss of respect could be linked to Handler’s (1994, p. 144) description of incumbents who move away from the business, who, as a result, lose *“stature in [the] community”*. The evidence in this quotation, with the surveyor, points to loss of stature in the ‘trade community’ or the ‘business circle’ rather than the local community as a whole. The loss in automatically giving respect and possible associated loss of stature could be a challenge for the succession process because incumbents are unlikely to want to lose these associated *“narcissistic pleasures”* (Kets de Vries, 1993, p. 313).

FB6-GEN2F(I) alluded to respect and loyalty throughout the interview albeit not as directly as the previous examples in FB3. He discussed his attitude to commitment in the context of succession planning:

We’ve really got to get on with succession planning and be absolutely serious when it comes to expecting what’s reasonable from a management team and those who report to them, and really not being prepared to settle for anything other than commitment,

commitment to the cause if you like, commitment to the company. And a clear message I've been sending out in recent weeks [is] "if Fred doesn't like it here, that's unfortunate, but the job is what the job is, if there's nothing he feels we can do to improve that situation, he needs to leave and we need to tell him he needs to leave".

FB6-GEN2F(I) is clearly discussing how he wants people to be loyal to the business through their commitment. It is obviously an important issue for FB6-GEN2F(I), as exemplified by the seemingly strict approach he is going to take towards disgruntled staff. This strict approach appears to extended to management as well, with FB6-GEN2F(I) also stating:

Practices have crept in gradually that have been accepted by some upper echelons of management, and that's something I'm no longer prepared to put up with.

Although this quotation does not directly mention respect, commitment or loyalty, it would seem to suggest that FB6-GEN2F(I) is asserting his authority and status in order to ensure that staff at senior levels are setting an example which will filter down though the organisation.

He continues by discussing his own journey to his current position, explaining that he was given no direction about how to run the business when he first took over. However, that lack of experience taught FB6-GEN2(I) lessons that have shaped who he is now:

I blundered around so much [growing up in the business], because I was given no direction, there was no one to direct me, so there were very few people willing to actually help. But of course I am also pig headed, determined and if I see direction as the way to go I am probably gonna (sic) walk straight over your head to get there, if you stand in me way, but still smile of course.... You see it was a very hard school of learning and you had to learn all sorts of skills and strategic skills even though you didn't realise you were doing it. The problem with the next-generation in this family

business is that they haven't had that, that cruel exposure that I did. It was the Wild West in my day...staff just did what they wanted! I suppose it has made me what I am today, whatever I am, I dunno (sic) what that is.

FB6-GEN2F(I) seems to be very keen on highlighting how difficult it was for him growing up in the business with “*no direction*” and “*very few people willing to help*”. He also mentioned how it was (for him) “*a very hard school of learning*”. These quotes, combined with subsequent discussion regarding the next-generation and how “*they haven't had that cruel exposure*” that he did, produces an impression of FB6-GEN2F(I) having more experience and understanding of how family businesses work, thus a more senior, heightened status within the family. Using phrases such as “*It was the Wild West in my day*” creates imagery of fighting, and so he attempts to relate these types of battles with the experiences he was exposed to at a young age. This is re-enforced at the end of the sentence when he says “*It [the exposure to battles] has made me what I am today*”. This statement is important because combined with everything else he has said, it implies that this learning experience is the thing which has gained him respect within the family and, due to the next-generation's lack of experience of this sort, he seems to be subtly questioning their ability within the family business.

Later in the interview FB6-GEN2F(I) goes on to describe himself and his sister and the impending transition from one generation to the next:

I think we are moving this transition from a pretty strong all-seeing, all-knowing duo who've run the business for 40 years into the next phase, and certainly during this transition there could be a few short sharp shocks.

The fact that he describes himself and his sister as “*all-seeing, all-knowing*” is interesting because it creates the image of a deity-like figure with an omniscient quality. This notion of biblical/religious imagery can be triangulated to two previous examples in the data. The first is

another example from FB6-GEN2F(I), when he puts himself in the role of ‘Moses’ and his employees in the role of ‘The Israelites’ in order to describe his intentions regarding leadership (p. 129). The second is from FB2-GEN3(I) when he likens himself to the ‘creator’ of a ‘universe’ when describing his building of the family business (p. 139). When FB6-GEN2F(I) refers to himself and his sister as “*all-seeing, all-knowing*”, he is demonstrating their elevated status within the family business (p. 163). He goes on to say how “*there could be a few short sharp shocks*” during the succession phase. In using the phrase “*sharp shocks*” we can assume he is talking about the next-generation (given the previous language and examples in this section) being surprised by a sudden change. The quotation as a whole would seem to be displaying FB6-GEN2F(I)’s doubt in the present ability and readiness of the next-generation to lead the family business in the future. As has been highlighted throughout this section on FB6, GEN2F(I) seems to use the inadequacies of the next-generation to highlight how he (and his sister, FB6-GEN2A(I)) are far more equipped to run the family business. In pointing out these inadequacies, it leads FB6-GEN2F(I) to subtly display how he views his elevated status within the business. The issue with this as regards the succession process is the ‘message’ of distrust that it sends to the next-generation. A lack of trust in the next-generation means that their ability to develop within the business is stifled (Beckhard & Dyer, 1983a; Beckhard & Dyer, 1983b; Birley, 1986; Davis & Harveston, 1999; Handler, 1992; Levinson, 1971).

The discussion thus far has been dominated by incumbents (older generations); the next part of this section will focus mainly on the next-generation and how they displayed a sense of loyalty and respect to their elders. When FB1-GEN3(S) was asked about decision-making and how this works with the older and younger generations within the family, he explained how the family comes before anything:

There'll be cases where not all of us are for it [buying or selling something], it will still happen. It's only if somebody feels that passionately against it that it'll not happen. So at the end of the day it's business isn't it, we probably put family before business, so we're not gonna (sic), there's not one deal that's going to be more important than our wider family. So in terms of selling things we've disagreed on that before, but in the end we'll often come to either a compromise, or we'll just accept that we are not going to agree so not take things forward.

In this extract FB1-GEN3(S) discusses how the family makes decisions together. Clearly there is a mutual respect for family members' opinions which seems to be accepted by everyone involved, this is evident when he says *"we probably put family before business, so we're not gonna (sic), there's not one deal that's going to be more important than our wider family"*. Further to this, he explains how they would deal with a decision that was not mutually agreed upon: *"[we would] just accept that we are not going to agree so not take things forward"*. So the family are prepared to make decisions together, more importantly one person does not have a stronger voice than another. This demonstrates a mutual respect that the family members have for each other. FB1-GEN3(S) went on to explain about how he manages direction from his father and uncle,

I guess we [the next-generation] know that we are never going to have to run it [the business] ourselves anyway, there'll always be the older guys around directing us and advising us, but as time goes on we are kind of more responsible for more things. But we always know they are there and so we would probably never have to do it [run the business] independently.

This quotation would seem to suggest a sense of respect within the family because the next-generation recognise that they will never really have total control of the business. In addition,

this participant (FB1-GEN2(I)) seems comfortable with having “*the older guys around directing us and advising us*”. There does not seem to be any resentment or frustration with the situation, he reinforces how comfortable he is with the situation saying “*But we always know they are there*”. This would seem to suggest a sense of security in knowing that the older generation can be called upon for advice, if required.

FB4-GEN5(S) displayed strong admiration for his father showing a clear sense of respect for him as a father figure but also as leader of the family business. FB4-GEN5(S) discussed his confidence in being the next-generation successor,

...there is an awful lot of responsibility on your shoulders, you know 106 years of business and my father's been massively successful. He's not only [known] locally and with the business but he's also a sort of industry expert, perhaps I should say, he is a tough act to follow.

This quotation begins with the participant admitting that he has a great deal of responsibility in taking over the business, he says: “*...there is an awful lot of responsibility on your shoulders*”. This idiom suggests that he knows he will have to ‘bear the weight’ of that responsibility, the remainder of the quote explores the nature of his father’s success. The sense of respect for his father comes from phrases such as “*massively successful*” and that he is an “*industry expert*”. It is interesting that FB4-GEN5(S) prefaces his next statement about his father being a tough act to follow with “*perhaps I should say*”. The use of the adverb “*perhaps*” could indicate the expression of uncertainty or possibility about the use of the subsequent noun “*expert*” or it could be interpreted as FB4-GEN5(S) not fully believing what he is saying. Alternatively “*perhaps I should say*” could be interpreted as FB4-GEN5(S) speaking ‘aloud’ to himself, thus meaning ‘I need to admit’. Either way he still states that his father is a “*tough act to follow*” which usually means an achievement or performance that sets a standard regarded as being hard

for others to measure up to. FB4-GEN5(S) would seem to hold his father in high regard given this statement, it highlights that he has respect for his father and the achievements he has obtained during his tenure in the family business. This could become a challenge for the succession process if the successor were to feel that he was unable to live up to his father's standards or achieve similar successes.

Building on this theme of respect from the next-generation members, FB5-GEN3(S) displays respect for his mother who has already vacated her position as CEO. When FB5-GEN3(S) was asked about how the transition between mother and son was managed, he explained:

...I guess it's been a case of looking at what my mother did and what I needed to do to fill the gaps in order for me to fulfil that role. We did, however, recognise that over time there's stuff that, without my mother who is a trained accountant, there's probably stuff that she'll be able to bring to the business that I can't.

Similar to FB1-GEN2(I), this participant (FB5-GEN3(S)) recognises the need for the previous generations' continued support and input within the business. This acceptance by the next-generation of the elder's input, combined with the trust that the older generation places in the next-generation to run the business, highlights a mutual respect that the generations have for each other.

This sub-theme has focused on how issues concerning respect and loyalty were apparent within the data and the associated challenges that emerged for the succession process. To begin, the section explored how an incumbent losing recognition can result from moving away from the business. The associated feelings that this generated could be a challenge for the succession process because incumbents may be reluctant to begin the process if they feel losing respect and recognition could occur. This notion of distance and loss of control can be seen in other areas of the data. For example, when women are treated on the periphery of the family (i.e. a distance

from being in a position to make decisions) physical distance is linked to status and control. A further example is geographical expansion (i.e. location) being thought to limit control.

Secondly, this section explored how an incumbent who had built respect through years of experience inadvertently brought into question the ability of the next-generation by highlighting their lack of experience within the business. The language that this incumbent used to describe himself as ‘all-seeing, all-knowing’ triangulated back to biblical references used in previous sub-themes of this chapter. This description is further evidence of the status that some incumbents attach to themselves in the family business. This could be a challenge for the succession process because the lack of trust the incumbent has in the next-generation could lead to feelings of inadequacy and thus disagreement between generations.

The final example explored a potential issue for the succession process if a successor felt unable to live up to his father’s standards or achieve the same level of success. This could, once again, evoke feelings of inadequacy. The next sub-theme will explore how hierarchies in family businesses can pose potential challenges for the succession process.

5.5.2 Hierarchy

This sub-theme focuses on how the notion of a ‘hierarchy’ emerges within family businesses.

By very definition ‘hierarchy’ is concerned with issues such as power and control over others, thus it could be argued that this discussion would have been better placed in Section 5.3.

However, ‘hierarchy’ has been included within this discussion of ‘status’ because it is concerned with members of the family business and their position according to relevant status or authority. In some cases, participants openly discussed how hierarchies existed within their business, while others, as part of the wider conversation, used language that implied hierarchies existed, albeit in a non-formal way.

FB1-GEN3(S) discussed how big business decisions were made as a family and how they still required the approval of his Grandmother:

...we do sit down for big decisions. So that's usually if we are buying something big, or selling something big...the funny thing is, is that we have to translate for my Grandma because she still can't speak very good English even though she's lived in the UK for years, so every big decision still has to go through her because she stands in for my Grandad.

This quotation highlights how, even though day-to-day responsibility for running the family business is devolved to younger generations, 'big' decisions would still require the eldest generation to be consulted. Interestingly, in an earlier description of the way the business operated, FB1-GEN3(S) described the treatment of women (with regard to ownership) as somewhat secondary when compared to men (explored in Section 5.4). This attitude towards women is complex given that the hierarchy involves FB1-GEN3(S)'s Grandma being consulted when a big decision is taken. The Grandma, who is portrayed as representing her deceased husband, is the ultimate matriarchal figure within this family and thus the business. Within a family business the, usually separate, systems of family, business and ownership are enmeshed (Tagiuri & Davis, 1996). The result of enmeshed systems is that hierarchies which exist in 'family' will also exist in the 'business' and thus the system in which the hierarchy exists becomes one. Exploring what FB1-GEN3(S) says about decisions being passed through his Grandmother would seem to suggest that, in this family, the notion of the family matriarch is also the business matriarch. In the discussion about decision-making FB1-GEN3(S) discussed the living arrangements of the family:

Well we all live together so that makes decision-making a bit easier...so Grandma down to Uncle, Cousin, his kids, my Mam and Dad, my kids and all our wives, we all live together.

By his own admission, FB1-GEN3(S) acknowledges that the whole family living together *“makes decision-making a bit easier”*. Thus, it is not unreasonable to assume that decisions about the business are made while the family are ‘at home’ as well as ‘at work’. It is important to consider, linguistically, how FB1-GEN3(S) describes the living arrangements: *“Grandma down to Uncle, Cousin, his kids, my Mam and Dad, my kids and all our wives”*. Interestingly, this list of individuals and groups would seem to be delivered in order of the apparent hierarchy which exists within the family. He begins with Grandma at the top and then uses the words *“down to”*, implying those who are subsequently mentioned are subordinates. He discusses each ‘branch’ of the family relative to himself (in hierarchal order) beginning with *“uncle, cousin, his kids”* then he moves on to his own ‘branch’, *“my mam and dad, my kids”*. Interestingly, he ends with, an almost supplementary statement *“and all our wives”*. This could indicate that because ‘the wives’ are not part of the family blood line, they are either viewed as being at the bottom of the hierarchy, or excluded from it altogether.

The notion of a hierarchy within a non-family business can exist in so much as job roles often define the position which an individual holds within the hierarchy, and thus the degree of power and control they are able to exert over subordinates. Within a family business there is another dynamic which has to be considered, namely the position which the individual holds within the family. The discussion which has just taken place regarding FB1 highlighted that the systems of ‘family’ and ‘business’ are inevitably linked (Tagiuri & Davis, 1996) and so the hierarchy which exists in the family is transferred to the business. The influence of the family hierarchy on decision-making is still present in FB1, as can be seen for the examples cited above where the

eldest generation still has ‘final say’ on big decisions within the family business. It is not unreasonable to assume that any kind of succession process (in this family) would have to be ‘approved’ by the family hierarchy before it could proceed. While this is not necessarily a bad thing as it enables transparency in the succession process, it could pose a challenge for some families who have complicated hierarchical structures. A complicated structure with multiple shareholders, several generations and different ‘arms’ of the family, could create a difficult situation for an incumbent wishing to develop a succession process. There have been studies which have argued that large family businesses achieve succession planning more easily (Helmich, 1977; Trow, 1961), while others have found no relationship between size and successful succession planning exists (Harveston, Davis, & Lyden, 1997; Malone, 1989; Sharma, Chrisman, & Chu, 2003).

The next example, from FB2, demonstrates how a particular issue between father and son caused personal relationship problems which negatively impacted the succession process. The problems created can be discussed in the context of the hierarchy which existed between father and son and thus in the business. FB2 does not have a complicated shareholder structure, nor multiple family members to consider, but it highlights how only one disagreement within a hierarchy can cause significant conflict between generations. FB2-GEN3(I) describes how knowledge of a particular skill has been passed down through generations of his family:

...first generation was just a French polishing business...that’s my Grandad Sid. So he was the first one and he used to do pianos, posh people’s houses, pianos, front doors and stuff like that. And he would have one or two people working for him and then my dad worked for him you know, passed over the secrets of French polishing or whatever, but not all of the secrets actually until the last minute.

FB2-GEN3(I) describes the secrets of French polishing as something which is “*passed over*” from one generation to the next. He goes on to say “...*but not all of the secrets actually until the last minute*”. His use of “*the last minute*” suggests his father did not give up all the secrets until either his death or just before leaving the business. The retention of secrets until the “*the last minute*” would suggest that these secrets somehow enable the ‘keeper’ to have superiority over those who do not know them. Thus, a hierarchy exists with a certain status being attributed to those that know the secrets and those who do not. In other words, those who do not know the secrets are subordinate when compared to those who do. In FB2, the relationship between FB2-GEN3(I) and his father was somewhat fraught with difficulties; this is described in more detail throughout this chapter in other sections. However, in relation to this example of hierarchies, it is interesting to note that FB2-GEN3(I) pointed out “*My Dad wouldn’t show me the secrets of French polishing, or certain parts of it*”. Combined with the aforementioned discussion about the traditions within FB2 regarding the passing over of secrets of French polishing, the fact that FB2-GEN3(I)’s father would not show him all the secrets may be an indicator of a poor relationship.¹³ Although FB2-GEN3(I) only mentions this in passing conversation, it would seem to suggest a deep-rooted memory about his father not trusting him with the family ‘secrets’ of French polishing. This ‘break’ in the hierarchy could be a reason why FB2-GEN3(I) eventually left his father’s business, subsequently starting his own business and then returning years later to acquire his father’s business. It could be argued that this example should be coded under a heading such as ‘trust’, however the example of a skill being passed from generation to generation and the notion of ‘secret keeping’ is, to me, an example of how hierarchies are formulated within families, those that have the ‘secrets’ being at the head of the family and thus

¹³ This inference of a poor relationship is also supported by various other examples throughout this chapter including FB2-GEN3(I)’s father saying to him “*as long as I am alive son you’ll never own this business*”. This is explored further on page 124.

in the most powerful position. In this example it is clear that the impact of a 'broken' relationship, and thus hierarchy, between father and son has had an impact on the succession process within the business. Previous data extracts (p. 136) have shown that no succession process was ever put into place, this could be because the only possible family successor (the son (FB2-GEN3(I)) left the business due to lack of trust from his father. This notion of the family 'secrets' is something which could encompass both the tangible, i.e. training on French polishing techniques, and the intangible 'secrets' which could be 'handed on' through mentorship and informal guidance (Grote, 2003). This is a challenge when planning for succession because the incumbent needs to ensure, through actions such as mentorship, that the next-generation feels worthy of becoming the next 'secret keeper' (leader) (Lansberg, 1999).

In FB7 there appeared to be evidence of a hierarchy between generations of family members but also between family members and employees. FB7-GEN2(S) was asked if he would like to expand the business in the future, when he was in charge. He responded by saying "*well yeah I suppose, I guess it would depend on what my dad wanted really*". The definition of 'depend' is to be controlled or determined by something. Thus, FB7-GEN2(S) would seem to be suggesting that, vicariously, his father will still be making the important decisions, even after succession has taken place. Miller, Steier and Le Bretton-Miller (2003) describe this as 'Conservative successions', where the successor still remains dependent upon the previous generation for decision-making after leaving the business, they describe it as how "*the shadow of the parent lingers*" (Miller et al., 2003, p. 517). This lack of independence as a successor may cause problems for the success of the succession process because, although ownership may be transferred to the successor, the business remains *de facto* under the control of the older generation. This is supported by Davis and Harveston (1999) who find that successors living in the founders 'shadow' is the primary driver for the increase in overall conflict within the family. This is not to say that, post-succession, the older generation cannot act in an advisory capacity,

such as that described by Sonnenfeld and Spence's (1989) 'Ambassador' construct of retirement styles. The 'Ambassador' leaves the company willingly but remains connected in an advisory capacity. However, there must be a balance between the successor making decisions according to what they think is best for the business and being led entirely by the previous generation. Although the family hierarchy will still exist post-succession, i.e. the father will always be a father to his son, the hierarchy in the business needs to change so that the son is in charge of the business and the father acts in an advisory capacity or has no involvement with the business. Thus, a challenge for the succession process, in terms of hierarchy, is to ensure effective separation of hierarchies between 'family' and 'business'.

FB7-GEN1M(I) discussed her son (GEN2) in relation to his ability to lead: *"I mean he [GEN2] is very capable...capable of bossing men"*. FB7-GEN1M(I)'s use of the term 'bossing' as a verb would suggest that she views her son has a potential future leader by his capability to order people about in a domineering way. This notion of a domineering approach to managing staff within the business creates the idea of a hierarchy, with the family members at the top and staff as subordinates. FB7-GEN1F(I) also discussed his son (GEN2) and how he would like him to progress within the business,

I want him to learn how to do the job himself and if he does the job himself and he can then take people on underneath him and he knows because he's done it...it's like he's already been there and got that badge.

There are two important points to be discussed in relation to this quotation. The first is FB7-GEN1F(I)'s desire for his son to take people on *"underneath him"*. The word *"underneath"* implies directly below, and so hierarchically the idea of master and subordinate becomes apparent. Secondly, FB7-GEN1F(I) mentions his son proving himself by having *"already been there and got that badge"*. A 'badge' in this case is presumably experience of a particular job

within the family business. FB7-GEN1F(I) seems keen to encourage his son to have undertaken all possible jobs in order for him to have comparable knowledge to his employees. Associations could be drawn between the notion of collecting ‘badges’ to prove one’s position and military insignia. Personnel in the military collect different ‘badges’ or insignia to show their rank or they display medals to show which battles they have taken part in. Put simply, the more badges, medals and insignia you have, the more senior your rank is within the hierarchy. Of course FB7-GEN1F(I) is not suggesting physical badges which his son would display, but the idea of him having experience of all possible jobs within the firm means that he would have the right to be at the top of the hierarchy within the family business.

This sub-theme has explored how hierarchies exist in family businesses. In so doing it has explored the dynamics that exist to formulate these hierarchies and associated statuses. To begin, this section explored how the hierarchical systems of ‘family’ and ‘business’ were enmeshed. An example was used from a family business where the Grandmother, who was the family matriarch, was the person who the family also sought approval from for all major business decisions. The hierarchy in this case was defined by age (i.e. the Grandmother was the oldest and thus given a certain status) and the fact that she represented the decision-making of her deceased husband who, while alive, was the person the family sought approval from. The challenges for the succession process are to understand where decision-making power lies, because in this case although an individual or group may be in charge of the family business (i.e. they have the CEO title), it does not necessarily mean they make all the decisions. Thus, when a succession process is being designed and put in place, several generations (current and past) may need to be involved. The second example of hierarchy and status came from an individual who discussed the importance of ‘handing down’ or ‘passing on’ the secrets of a particular discipline (in this case it was French polishing) to future generations. In the example the incumbent father never fully passed on all the secrets to his son, which led to feelings of

resentment. The status attached with knowing these kinds of ‘secrets’ seemed to suggest a certain hierarchical position held by the ‘keeper’. Thus, an important challenge for the succession process, is to (i) realise that these kinds of dynamics could exist and (ii) act on them in order to prevent the possibility of problems arising between generations.

The third example was a discussion of ‘conservative succession’ (Miller et al., 2003) where the successor continue to ‘live in the founder’s shadow’ (Davis & Harveston, 1999). In essence this means that in terms of decision-making, the hierarchy which existed pre-succession (i.e. incumbent as leader and successor as subordinate) remains in existence post-succession. This could create challenges for the succession process because if the successor does not begin to make independent business decisions, this could lead to over-reliance on the older generation, who, at some point may not want, or may be unable, to make those decisions. Finally, this section explored the importance of successors having experience of all jobs within the business, thus earning the right to be at the top of the hierarchy. The metaphor that was used to describe this was the notion of collecting ‘badges’ (where badges represented expertise or experience) in order to ‘prove’ ability. The next section will explore age and experience in relation to status within the family business.

5.5.3 Age and experience

Throughout the interviews a number of participants discussed age and experience in relation to the status they have in the family business. Successors discussed how they felt about succession in the family business and being young. The incumbents focused on the importance of handing the business over while the next-generation was youthful and how, in some cases, some family members viewed the age of the successor as an issue for the succession process. This section will begin by exploring successors’ opinions.

FB4-GEN4(I) explained how he has always wanted to work in the family business:

I have to say that I was the one from a young age who always wanted to be in the business. I came straight into the business. I devote as much of my life and soul into it as I can, as many hours as I can. So, I've always assumed I would be one of the candidates. Plus, I am the oldest.

This quotation indicates that FB4-GEN4(I) attributes involvement in the business from a “*young age*” and a high degree of dedication, to an assumption that he would be “*one of the candidates*” to succeed his father. The context of this quotation is important because it was taken from a discussion regarding his sister’s involvement in the business. His use of the first person singular pronoun “*I*” preceding his use of “*the one*” as a pronoun to imply ‘a person of a specified kind’, suggests his sister did not have the same desire to be in the business. In other words, ‘I was the one, not her’. This has resulted in FB4-GEN4(I) feeling that his status as a potential successor is higher than his sister’s. This is confirmed when he says: “*Plus, I am the oldest*”. The fact that he makes a point about his age, i.e. being the oldest, suggests that he feels that it is his right to become the successor over his sister, because age is the defining factor in making a decision of this kind. This could pose a challenge for the succession process because if a successor is chosen based on age alone (rather than ability for example) then there could be tension between, in this case, the two siblings. This example ties in with literature which states that primogeniture remains an issue for family business (Hollander & Bukowitz, 1990; Jimenez, 2009). FB4-GEN4(I) continues by discussing his current position and how he wants to make an impact in the firm:

I am happy to you know be in the position I am in, you know, at a fairly young age, and [I] recognise the responsibility that that brings. Erm...but equally [I] relish the challenge, you know, [I] really enjoying the role that I am doing now erm...and you know [I am] just determined to sort of make my mark...

Here we see how FB4-GEN4(I) makes a connection between age, position and responsibility. At the time of the interview he was 27 and was expected to take over the business in two to three years. This would mean his career trajectory was to be the CEO of a business with an approximate annual turnover of £11million, employing around 103 staff, at the age of 29-30. Interestingly, this trajectory is a little above the average found by Salvato, Minichilli and Piccarreta (2011). Their study investigates the difference between the career paths of CEOs in family versus non-family firms. The findings suggest that outside of family firms it takes an average of 12.19 years from university graduation to CEO position compared to 10 years for those inside family businesses. Assuming FB4-GEN4(I) graduated from university when he was 21¹⁴, this would mean he was around one to two years ahead of the average. This would support his statement about his position at a “*fairly young age*” when compared to his peer group. This is interesting because it perhaps suggests that there is a ‘socially accepted’ level of responsibility depending upon age. Regardless of this FB4-GEN4(I) recognises that, despite his young age, he has a high level of responsibility. His last line, “*[I am] just determined to sort of make my mark...*”, would suggest that he feels it necessary to make an impact on the business in order to justify his position; this could, potentially, be attributed to youth and a desire to ‘prove’ himself to his father, other family members and non-family stakeholders (Dumas, 1989; Kets de Vries, 1993).

Further examples of associating age and responsibility include FB5-GEN3(S), who explained that, having only had seven years’ full-time experience in the business he could make mistakes:

...I also feel aware that at 27 years of age, having only being full time in this business for seven and a bit years, eight and a bit years, that will I [not] get it right. That it would

¹⁴ FB4-GEN4(I) discussed his time at university with me after the interview; he told me that he worked as a part-time embalmer and pizza delivery driver.

be a very big step [between positions] and there's an awful lot of responsibility on your shoulders.

In this example, FB5-GEN3(S) points out that this is “*a very big step*” and an “*awful lot of responsibility*”. In contrast to the previous participant (FB4-GEN4(I)), FB5-GEN3(S) seems to be a little less self-assured and confident in his abilities. Interestingly, FB5-GEN3(S) had already assumed the role of CEO and been exposed some of the challenges, which may explain his more reserved opinion. FB5-GEN3(S) mentions his age: “*I also feel aware that at 27 years of age, having only being full time...*”. His use of the adverb “*only*” implies that the amount of time he has spent, as a full-time member of staff, may not be enough to ensure that he will “*get it right*”. When age and length of tenure are discussed, the successor seems to be demonstrating concern regarding his heightened status. His concern appears to arise because of the perception he has of himself from both intra- and inter-personal perspectives.

This section will now focus on incumbents' discussion of ‘age’. In so doing it will make clear the implications of how the participants discussed age in relation to the challenges for the succession process. FB5-GEN2(I) discussed the initial concern she had for her son, managing the business at a young age:

I mean the staff respect him so much, he's only 27 and he's got all the staff, and staff of a similar age and a lot of them are his friends. So I was a bit concerned about how that was going to go down but er...now he's got a lot of respect and very mature for his age.

The first thing to note is that FB5-GEN2(I) was initially “*a bit concerned about how that was going to go down*”. In context it is reasonable to assume that “*that*” means his age. She highlights that he is “*only 27*” her use of “*only*” suggesting that she views him as relatively young to be in this position. Moreover, she had concerns because many of the staff were “*of a similar age*” or “*his friends*”. She ends by saying “*he's got a lot of respect and very mature for*

his age". This statement is a compliment to her son; however, the caveat of "*for his age*" makes the assumption that his peers, of a similar age, may not be able to achieve the same level of respect, due to their lack of maturity. She goes on to discuss how she wanted her son to take over while he was still young:

[FB5-GEN3(S) is] young and full of energy and new ideas and he was ready for it. He was getting bored, I could tell he was and I didn't want to lose him from the business, and the only way to keep him was to promote him...I think it is important to let go while you're still young enough to let go and do other things and not to be dragging it on.

In this quotation FB5-GEN2(I) suggests that readiness to enter the business was as a result of her son being "*young and full of energy*". As a result of this youth and energy she seemed to feel that he needed a challenge in order to prevent him from leaving the business: "*He was getting bored, I could tell he was and I didn't want to lose him from the business*". In this case, the way that FB5-GEN2(I) ensured she did not lose her son from the family business was to promote him to become the next leader. This raises an important question: when is the right time to begin the succession process and more importantly the transition, so that the successor does not become bored and under motivated? This a challenge that families face when undertaking the succession process because they need to ensure that successors are promoted at the right age to ensure they remain interested in the business.

FB4-GEN4(I) discusses how the age of his son (FB4-GEN5(S)) could pose particular challenges with FB4-GEN4(I)'s sister (FB4-GEN5(S)'s Aunt):

...when the MD is no longer her elder brother who she's seen join the business before her and grow the business. But the MD is someone who is younger than her, who has

been in the business less time than her and we're all assuming that will be a difficult problem to manage.

The challenges that are described in the above extract are primarily concerned with age. FB4-GEN4(I) explains that the family is assuming that the succession of his son (FB4-GEN5(S)) will create *"a difficult problem to manage"* with FB4-GEN4(I)'s sister. His reasoning for this problem potentially occurring is because the managing director will *"no longer [be] her elder brother who she's seen join the business before her and grow the business"*. Instead, the managing director will be *"someone who is younger than her, who has been in the business less time than her"*. This example suggests that as a result of age (i.e. GEN4(I) being older) and having more experience (i.e. being in the business longer and growing it), she is comfortable with having him as the managing director. However, because her nephew (FB4-GEN5(S)) is younger and less experienced, she could create problems. So here, age and experience are cited as defining features of who is an acceptable managing director for the family business. Thus, when these key features are altered, i.e. having someone who is younger and less experienced, then problems could occur within the family and the business. This is clearly an important challenge for the succession process because by definition a child is going to be younger and less experienced than an incumbent parent or relative. Thus, finding ways to overcome the potential challenges that could arise from family members, when a successor is announced, would seem to be an integral part of the succession process.

This sub-theme has explored how issues that relate to the age and experience of family members can create challenges for the succession process. The sub-theme began by discussing a family business where the potential successor son declared that he should be the successor because he was the oldest sibling and had worked in the business longer than his sister. This would suggest that age and experience are indicators of heightened status. However this could cause tension

between the siblings if a decision about succession is to be made purely on these factors. In addition, the sub-theme discussed how successors were apprehensive about their age and experience as this may lead them to make mistakes; interestingly, this concern was also expressed by incumbents. The challenge for the succession process is to put measures in place to limit the apprehension that is felt by both groups. Finally, challenges were discussed in relation to the status and authority that successors are given at a young age. A specific example was explored where the sister of an incumbent expressed concern over the ability of her nephew (the successor) because of his age and relative inexperience. Once again, this poses particular challenges for the succession process in the sense that it has to factor in the wider family and the feelings that they may have and display towards the successor.

This theme on status has included three sub-themes: respect and loyalty, hierarchy and age and experience. Each sub-theme has contributed particular challenges for the succession process; these have been detailed throughout but will now be summarised. The first sub-theme of respect and loyalty highlighted challenges for the succession process that involved the incumbent losing recognition amongst groups of peers and thus a potential unwillingness to engage with the succession process. Included in this was a discussion of how lack of physical distance from the business and its day-to-day activities could lead to loss of status and control. A further challenge for the succession process in this sub-theme was discussed in relation to incumbents highlighting successors' lack of experience within the business, this lack of respect for the successors' abilities could lead to disagreements between generations. Within this challenge there was an example of an incumbent using biblical-type references to arguably attribute a God-like status to himself. Finally, in this sub-theme, examples were shown which highlighted how feelings of inadequacy could potentially be evoked through successors comparing themselves to the previous generations' standards.

The second sub-theme of hierarchy discussed a number of challenges for the succession process, the first of which involved understanding where the decision-making power lies. This challenge arose through a discussion about how the two systems of 'family' and 'business' are enmeshed and thus it can be challenging to understand who makes certain decisions within the business. Further challenges for the succession process included the potential for problems to arise when the incumbent did not trust the successor; this was articulated by the notion of a family business where the 'secrets' (i.e. techniques) of French polishing were kept from the successor because of a fractured relationship between father and son. In addition, a discussion occurred that highlighted how over-reliance on the incumbent (by the successor, once succession had occurred) could lead to a lack of independence and the successor continually 'living in the founder's shadow'. This is particularly challenging for the succession process because the process depends upon the successor's willingness to take the business forward with reduced input from the incumbent.

The third, and final, sub-theme to discuss is age and experience. Issues that arose within this sub-theme include the tension that could arise between siblings if age and time spent in the business were the only factors that were considered when making a succession decision. This example came from a male participant who suggested that, because he was older and had spent a longer period of time working in the business than his sister, it was his right to be the successor. Also within this sub-theme, the apprehension that both successors and incumbents felt about the next-generation taking over the business was discussed. This was specifically explored in relation to the potential mistakes that the successor may make. The challenge for the succession process, in this instance, is to find ways to ensure that both incumbents and successors feel comfortable with the family business moving from one generation to the next and that there are measures in place to limit the impact of potential mistakes.

Finally, this sub-theme identified the potential challenges from older generations of the family who may not think that the next-generation successor is going to be able to run the family business effectively. The challenge for the succession process here is the need to find ways to reassure the older generations that the business will be protected moving forward.

The next theme is ‘roles’, which will explore how the roles that different people have within the family business can help to better understand the challenges for the succession process.

5.6 Roles

This theme contains three sub-themes which look at the roles that individuals and groups have within the family business and the associated challenges for the succession process. The first is ‘position and place’, which explores how understanding position and place of individuals can provide clarity when formulating succession plans, moreover, how getting everyone in the family to ‘fit’ in the right ‘place’ will aid the process. The second sub-theme, ‘outside advisors’, understands how advisors can help work through the challenges for the succession process. The sub-theme includes a discussion of advisors who are outside the family and the business (i.e. they do not work for the business exclusively) and outsiders such as non-family, non-executive directors. Finally is ‘conflation of the board and the management team’ which explores how, in family businesses, the roles of the board and the role of the management team can often lack distinctiveness. It shows how this could lead to possible issues with the incumbent-generation when the succession process is underway.

5.6.1 Position and place

The forthcoming discussion shows how the position that individuals hold within the family business can be important in terms of the succession process. FB7-GEN1F(I) explained how his son has been involved in the business:

He [FB7-GEN2(S)] has just been made a director when he was 21, which is only fairly recently, but he has been in the business since he left school. So he has had a good few years at it, but he's just been made a director and he's just starting to get more responsibility.

FB7-GEN1F(I), explained his intention for FB7-GEN2(S): *"I mean what I'm hoping is as he comes on, I'm going to step back a little bit, that's the idea"*. In other words, when the time is right, perhaps through experience, the older generation will be able to step back and FB7-GEN2(S) will take over the business. In this sense FB7-GEN1F(I) is giving his son an official position (the company directorship) and placing him with responsibilities in order to begin the succession process. A similar approach was taken in FB4, where FB4-GEN5(S), who is already a next-generation company director, said:

Father is in his late 50s and has intimated that within the next two years he would hope that his position as managing director would be relinquished.... So I understand that's what's going to happen, which is then going to create the vacancy in the managing director's position for possibly myself.

Concurrent with this, FB4-GEN5(S)'s father, FB4-GEN4(I) said:

So there was various assets that have been passed over from one generation to the other and it's been in discussion with them [children] and following my own ethos, that you need to try to keep it, maintain the ownership of the business with those that are working within the business. She [daughter] has had a predominance of other assets; she's not working in the business. And my son has had a predominance of shareholding within the business.

The first quotation indicates the intention of FB4-GEN4(I) to step down as managing director in the two years following. Use of the adverb *"possibly"* in relation to FB4-GEN5(S) assuming the

role implies that he has some kind of inclination about his potential as a candidate for the post. Knowing that FB4-GEN5(S) is already a company director, coupled with his inclination about possibly being the next managing director and the quote from his father (FB4-GEN4(I)) about assets been given to him in the form of company shares, could indicate that FB4-GEN4(I) is strategically placing FB5-GEN5(S) (his son) in the best position to assume leadership of the family business.

The two preceding examples from FB7 and FB4, explore how successors can be positioned in specific roles within the family business in order begin, or foster, the succession process. Danes et al. (2002), in the Family Fundamental Interpersonal Relationship Orientation (FIRO) model, explore the notion of how position (in reference to inclusion) can help to ensure that differing perceptions of who makes decisions in the family business are limited, thus reducing the chance of disagreements between family members. In the examples from FB4 and FB7, where the potential successors have been positioned in specific roles such as director, their inclusion, and thus involvement, in the family business has increased. During the succession process this would appear to be an important consideration because, as discussed in the above analysis, ensuring successors are in the right position within the family business could limit the possibility of differing opinions regarding decision-making, moving forward.

Further evidence of this possible positioning was discussed by FB6-GEN2F(I), he said:

My daughter she also attends [board meetings] but she is yet to make a directorship...I don't think that she [daughter] is in a position as yet to pick up the mantle...I've no doubt [she will be] a director in the next two to three years, a director contributing significantly.

FB6-GEN2F(I) discusses the “*position*” of his daughter relative to her ability to “*pick up the mantle*”. Used as a metaphor, it is reasonable to assume that ‘the mantle’, in this case, is being

used to represent the responsibility of running, or playing a major role in, the family business. The fact that FB6-GEN2F(I) uses the adverb “yet” would seem to suggest that there is intention for his daughter (FB6-GEN3(S)) to, at some point in the future, pick up the mantle. He then goes on to discuss her future by saying “*I’ve no doubt [she will be] a director in the next two to three years*”. Thus, the intention to position her as a director in the coming years would seem to suggest a gradual introduction to management until she is at a point where the business can be passed on to her (or the mantle picked up). FB6-GEN3(S) discussed her recent appointment to the family council: “*I feel in an even more powerful place to be able to challenge and question why they [older generation] haven’t done certain things*”. Her use of “place” as a noun is evidence of her feeling that being appointed to the family council has led to a feeling of more power “*to be able to challenge and question*” the older generation of family members. Position, in this example, has changed the dynamic and the sense of empowerment that FB6-GEN3(S) feels as an individual. The change in role has seemingly afforded her more authority than she previously held, relative to the older generation. Interestingly, this idea of the mantle being handed over (or picked up) has religious connotations. In 1 Kings 19:19 it states “*And Elijah passed over to him (Elisha) and threw his mantle on him*”. In describing the significance of this action, Bible.org (2017) states that:

The mantle automatically marked a man as a prophet, a spokesman of God.... Throwing it [the mantle] over the shoulders of Elisha was a symbolic act denoting his summons to the office of prophet, but it was also a sure sign of God’s gift that enabled him to fulfil the prophetic office and ministry.

In the case of family businesses, ‘handing on the mantle’ is used as a phrase to describe the passing over of the business from one generation to the next (as used by FB6-GEN2(I)). It is, however, interesting that FB6-GEN2(I) used this phrase (which is derived from biblical text)

given the previous religious references he has made ('Moses and the Israelites' on p. 129; and 'all-seeing, all-knowing' on p. 163).

Thus far, this section has focused on 'position' relative to succession process and planning. The next section will develop this idea further but using instead the notion of 'place' to understand participants' changing roles in the family business. FB5-GEN3(S) described his experience of the succession process and the kind of questions he asked:

I just needed to get that clarity you know, is that [FB5-GEN3(S) taking over the business] something that is possible, is that that something that the family wants and...[if so] what do I need to do to get there?

...so yeah I guess it's been a kind of you know gradual transition of understanding where, you know, that [taking over the business] is a possibility and that's where the guys want me to go, where the family wants me to go.

In the first quotation FB5-GEN3(S) is describing how, in the beginning, he wanted clarity about whether the family wanted him to take over the business or not. Although some of the language is used in the present tense, FB5-GEN3(S) had, at the point of the interview, already taken over the business from his mother. The final line in the first quotation is important: "*[if so] what do I need to do to get there*". Using the adverb "*there*" implies a place which is the physical action of succession and his ascension to the position of CEO. Similarly, in the second quotation he talks about the family and the management supporting his transition to CEO: "*where the guys want me to go, where the family wants me to go*". He uses 'go' as a verb to imply movement or direction of travel, the implication being that there is a destination or place in mind. Once again in this case the 'place' is the point at which he is the successor of the family business.

FB5-GEN3(S) goes on to discuss his mother:

...my mum has still got a part to play in the business and we are trying to get where we all fit in and get that balance right.

FB2-GEN4(S) described succession planning by saying:

...obviously it is the planning for who is going to be in charge of the future, who's going to sit where and making sure we've got the right people in the right places.

These two quotations are further examples of position and place being used in language surrounding the succession process. In the first quotation FB5-GEN3(S) (post-succession) explains that the family is trying *"to get where we all fit in"*. His use of *"to get"* would suggest that the family are attempting to reach a point, by moving in a direction where they *"fit in"*. The use of *"fit"* as a verb implies that there is a correct way for the constituent parts (or, in this case, members of the family) to occupy a particular space (working together in the family business). The second quotation is FB2-GEN4(S)'s definition of succession planning and describes it as being *"who's going to sit where and making sure we've got the right people in the right places"*. There are two things here in relation to position and place; the first is the idea of 'sitting'. To sit (in a chair) usually implies being in a fixed, static state of movement, thus an individual's position can be clearly identified. In relation to FB5-GEN3(S)'s definition of succession planning this could mean a clear definition of the jobs or roles which individuals are going to fulfil. Second is FB5-GEN3(S) defining succession as *"making sure we've got the right people in the right places"*. FB5-GEN3(S)'s use of the adjective *"right"* to precede *"place"* implies the opposite might exist (i.e. there might be a 'wrong place'). 'Place' in this example would seem to represent 'role' and so putting *"the right people in the right places"* would be about ensuring the appropriate people are fulfilling particular roles within the family business. Understanding, and coming to terms with, who does what role is a part of the succession process. Thus,

individuals in the family business may need to be mindful of the changes that have arisen from the fulfilment of a succession plan.

This sub-theme of position and place has explored three main points. The first is how individuals were positioned in particular roles in order to become the successor or next leader of the family business. In both cases (FB4 and FB7) the successors were positioned in a director role. The main challenge for the succession process, in line with Danes et al. (2002), is to ensure that successors are in the right position so that it limits the possibility of uncertainty around who is responsible for certain decisions. As discussed in the FIRO model this notion of inclusion promotes harmonious relationships within the family business. The second point to discuss is how positioning individuals in particular roles or 'places' led to feelings of empowerment. The example, from FB6, of the next-generation member being promoted to serve on the family council enabled her to have a 'voice' in the business. This inclusion seemed to make her feel more empowered to make decisions and have input into how the family business operated. Thus, the challenge for the succession process is to facilitate this feeling of empowerment because it enabled the next-generation member to better understand how and why decisions were being made. Fostering this kind of transparency would seem to be advantageous in the interests of inclusion.

The third, and final, point within this sub-theme is how position and place emerged through a participant's use of language that included 'sitting' and 'having the right people in the right place'. First was the notion of understanding where people 'sit' in the family business, which was interpreted to mean what roles they fulfilled. The second was the idea that it was important to 'have the right people in the right place' which assumed there must be an opposite i.e. the wrong people in the wrong place, or the wrong people in the right place or indeed the right people in the wrong place. Understanding the answers to these two issues was important to the

participant because it enabled him to better understand how the business was going to ‘look’ in the future. Thus, a possible challenge for the succession process is to ensure that there is clarity in understanding how the business ‘looks’ in the future. This could include comprehension of these points raised in relation to position and place and roles of individuals in the family business. The next sub-theme will explore how the role of outsiders can pose challenges for the succession process.

5.6.2 Outsiders

This sub-theme explores how the notion of outsiders has impact on, and poses challenges for, the succession process. The first part of the section looks at outsider advisors and the role they play in the succession process, in so doing it uncovers some of the challenges that families face when planning for succession. The second part explores the role of outsiders that join the family business in a senior capacity and the associated challenges this poses for the succession process.

The first examples are from a family that hired an outside business coach to help them formulate the succession process. This individual became a ‘catalyst for change’ in the sense that, as a result of her intervention and advice, the succession process was successfully formulated and implemented. FB5-GEN2(I) explained:

...we had a business coach called Emma, so Emma sat down with us and sort of said right, if [son] is going to take over and that’s what’s agreed, how is this actually going to happen?

Similarly, her son (FB5-GEN3(S)) said:

...[succession is] something that I addressed with our business coach probably three years ago now and I kinda (sic) said, look I think informally that these guys probably

want me to run the show in a few years' time and they've never actually formally said that so I think I kinda (sic) need to know what's going on.

These quotations highlight how discussions with the business coach initiated the conversation (within the family) regarding the succession process. In the first quotation FB5-GEN2(I) shows how the business coach obviously asked questions which helped the family think about an actual process for succession: "*how is this actually going to happen?*" Use of the adverb "*actually*" in the question seems to suggest that the business coach was trying to encourage precise truth and facts about the situation rather than perhaps broader discussion. It implies a desire (from the business coach) to ascertain finer detail around the process and the steps which were required to achieve the wider goal of the son (GEN3) taking over the family business. In the second quotation we see how the son (FB5-GEN3(S)) goes to the business coach to seek answers to his questions about "*what's going on?*" It is interesting to note that FB5-GEN3(S) could have addressed this directly with the family, but chose to discuss this, initially, with the business coach who was an outsider to the family. Although the participant does not discuss the reasons for this in the interview, it could be because this outsider is impartial and does not have any direct involvement in the family business. FB5-GEN3(S) would seem to be using the business coach in order to initiate a discussion about his future within the family business. His last line, "*I think I kinda (sic) need to know what's going on*", would suggest an expectation of the coach to begin facilitating some kind of discussion to seek an answer to this question; to find out what is going on. In both of these cases the business coach is the initial point of contact for this kind of discussion about the succession process thus, she is, in many ways, the 'catalyst for change'. This notion of outsiders as a 'catalyst for change' would seem to be supported by FB6-GEN2F(I), he explained about the appointment of a new non-executive director to the business:

...we've finally taken the step of appointing a non-exec director...who provided some support and advice...on some of the more commercial aspects of our longer term plans and succession planning. Already that's, after only a couple of weeks, it's proving challenging, but that's exactly what I expect and really what we hoped for. So we're very pleased about that appointment and really look forward to that being a major catalyst for further change in the business.

The appointment of the non-executive director would seem to be the anticipated initial point for change to occur within the business. In this case FB6-GEN2F(I) mentions succession planning at the beginning of the quotation, and so it is not unreasonable to assume that there is an expectation that the new non-executive director will have input into the succession planning process (but perhaps not solve it for them).

The data suggest that the use of advisors in aiding the family with decision-making is important because it brings an external perspective that would otherwise not be available to the family. FB5-GEN3(S) explained his family's rationale in appointing a business coach:

...another reason why we employ the services of a business coach is so that we can have that level of discussion and sharing of information with those guys, with the knowledge that a) they are not going to go out there any tell everyone, and b) they'll be able to help us with the decisions and get our minds thinking in the right way.

This idea of helping with "*decisions and [to] get our minds thinking in the right way*" would seem to suggest that one of the expectations of the family in hiring the business coach was to help with clarity of thinking for decisions. Another important factor to consider is the trust which the family place in the business coach. FB5-GEN3(S) describes one of the reasons for hiring the coach is to have "*...that level of discussion and sharing of information with those guys, with the knowledge that a) they are not going to go out there any tell everyone...*".

Trusting the business coach to have very confidential discussions (about the family situation and the business presumably), and knowing that this will remain confidential is clearly important (Kaye & Hamilton, 2004). Having a ‘safe space’ and a trusting environment to discuss personal family issues is obviously a key part of the relationship between this family business and their business coach.

FB4-GEN4(I) discussed the type of conversations he has with his solicitor:

I tend to talk to him about what is right and reasonable and [get him to] talk with the individuals that are concerned.

He continued by describing the situation with his daughter and son and how his lawyer and accountant were involved:

...my daughter has a greater non-business asset wealth and my son has a greater business asset wealth because that’s the avenue we’ve chosen to go down. But those conversations took place with me but also I made arrangements with them to go and talk privately with the accountants and with solicitors. So they were getting proper advice as to what the options were. Not that they [the children] could force anything but at least they are not making a decision because “or Dad says we should do this, or Dad says we should do that”.

FB4-GEN4(I)’s use of the word “*proper*” in relation to the advice he received from the accountants and solicitors suggests that he attributes trust and genuineness to it. Once again the notion of trust appears in relation to the services that the outsider provides (Kaye & Hamilton, 2004). He goes on to say “*at least they are not making a decision because “or Dad says we should do this, or Dad says we should do that”*”. This suggests that use of the outsider for advice provides assurance that decisions (in this case decisions about wealth and succession) are being

made independently with honesty and integrity (Mathile, 1988). There is further evidence of this approach when FB4-GEN4(I) discusses how his sister reached the decision to sell her shares in the business: “...it [*the decision to sell*] was [*involved*] initial discussions between myself and her, I then said that she needed to seek independent legal advice...”. This suggestion to “seek independent legal advice” would seem to be being proposed in order to ensure that integrity regarding the decision is maintained. The aforementioned examples are pertinent because the trust, integrity and genuineness of external advisors could help when facing the various challenges attributed to the succession process.

Further examples of the use of accountants as outsiders came from FB6-GEN2F(I) who said:

...again I’m very hopeful that the presence of a non-exec and some new strategic input from a quality firm of accountants will help that [*succession planning*] process.

...we’ll take the opportunity to have a beauty parade of likely providers and we’ll pick the best and really am not concerned who the auditor is. I am concerned about the nature of the advice we’re gonna (sic) get, and that [*potential*] strategic advice really is going to be the thing that determines who we’ll go to.

In the first quotation it is clear that FB6-GEN2F(I) will be looking to the new appointment of accountants for “*strategic input*” to help the “[*succession planning*] process”, the expectation being that the outsider (in this case the accountant) will help develop, and advise upon, the succession process. FB6-GEN2F(I)’s use of the term “*beauty parade*” relates to the situation where firms will attempt to ‘bid’ for business. Ironically, the term, which is derived from the notion of a ‘beauty pageant’, is often associated with choosing the services of a particular company based on reasons other than important facts. This would seem to be supported by the statement which follows: “*really am not concerned who the auditor is. I am concerned about the nature of the advice we’re gonna (sic) get*”. So, for FB6-GEN2F(I), the facts about the

company are not important but *“that [potential] strategic advice really is going to be the thing that determines”* who they will hire. Potential advice is, by its very nature, non-factual because it has yet to be given, thus it is a difficult criterion on which to base a decision. Given that FB6-GEN2F(I) is planning to use this potential advice as the decision criterion he must have some pre-determination about the kind of advice he would expect, or like to receive. If this is the case then the appointment, and thus the subsequent advice, could potentially be skewed in favour of FB6-GEN2F(I)’s desires and requests in relation to the ‘direction’ of the family business. If the accountant is expected to give strategic advice about the succession process, it should ideally be from a position of independence. If, as in this example, the selection criterion is skewed towards the incumbent’s desires, the advice from the outsider may not be independent and thus problems when designing the succession process may ensue.

The role of outsiders in the family business is not limited to those who give advice externally (advisors). Often outsiders are hired to management positions (and thus become insiders to the business, but not the family). Some participants shared experiences of outsiders working in the family business. FB6-GEN2A(I) discussed why the family had recently terminated the, externally appointed, Chief Operating Officer’s employment:

...he just wasn’t right for the job, he just wasn’t the right type of personality, he would have absolutely ruined this business had he been left to his own devices. He didn’t care about it, [the business] was just a source of income to him I think, I might be being unfair to him, but that’s certainly my impression.

FB6-GEN2F(I) also described the situation between the Chief Operating Officer and his sister (FB6-GEN2A(I)):

...it [the Chief Operating Officer’s appointment] proved particularly bruising for her because he operated in areas that were historically hers, but he didn’t do it very well.

She was trying to find a balance between allowing him to develop and grow, while stopping him take the business over a cliff and I was trying to do my Kofi Annan and stop them killing each other.

The first quotation indicates that FB6-GEN2A(I)'s impression of the Chief Operating Officer was less than complimentary. Her suggestion that "*he would have absolutely ruined*" the business creates the image of complete destruction or disintegration of the business. Her perception that "*it [the business] was just a source of income to him*", is one which highlights the potential differences in motivation for working in the family business. In another part of the interview FB6-GEN2F(I) states "*...it [the business] was my father's baby*". The fact that her father viewed the business as his 'baby' would seem to suggest that she has a very personal connection to it. Moreover, she told me "*I would hate to see this business sold...it would be the worst day of my life*". These quotations imply that she sees the business as more than just a source of income and so she would be justifiably concerned for the way the Chief Operating Officer was treating the business. Motivational differences of this sort, between family members and outsiders, is a potential source of conflict within the family business which can lead to fractures in relationships, especially when the outsider is to play a role in the succession process. The second quotation takes a slightly different perspective on the reasons for the fractured relationship. FB6-GEN2F(I) explains that "*[the Chief Operating Officer's appointment] proved particularly bruising for her [FB6-GEN2A(I)] because he operated in areas that were historically hers*". His use of "*bruising*" would suggest that the appointment hurt his sister's feelings; he states the reasons for this as being "*because he operated in areas that were historically hers*". More importantly he goes on to comment "*but he didn't do it very well*" and so rather than this being an issue regarding his sister's inability to 'let go' of her operational area, it suggests FB6-GEN2A(I)'s frustration resulted from the Chief Operating Officer's inability to undertake his role to a satisfactory standard. Indeed, his comment that "*She was*

trying to find a balance between allowing him to develop and grow, while stopping him take the business over a cliff” would indicate that his sister (FB6-GEN2A(I)) was trying to be supportive. However, the idea that she had to stop him *“taking the business over a cliff”* creates an image of the business falling to its potential death, should he have been left alone to run it. Finally, FB6-GEN2F(I) comments on the role he played in keeping the situation, between his sister and the Chief Operating Officer calm: *“I was trying to do my Kofi Annan and stop them killing each other”*. In referring to Kofi Annan, FB6-GEN2F(I) makes his role as the peace-keeper between the two individuals clear. Obviously, FB6-GEN2F(I) is not using the word *“killing”* literally, however it does demonstrate that their relationship was fractured, perhaps beyond repair. If such a relationship exists between a family member and an outsider who is going to play a vital role in the succession process, this could be a challenge which could prevent the process from moving forward.

In contrast, FB2-GEN3(I) explained about how his managing director and contracts director had been involved in the business for a long period of time and how they were now like family:

...people like Sean I have known him for, the MD, I have known him for 25 years, he’s like my brother. David who is the contracts director, you know...he was one of my first people in [19]92...20 years I have known him. These are like my family and we have BBQs together, we spend time together, you know, and we act like family, we have blazing rows and stuff like that...

In this example both Sean and David are outsiders but are working in key management positions within the family business. However, there are a few things to consider within this quotation which could explain the reasons for the difference between FB6 and FB2’s experience of outsiders. In FB2 the outsiders who are in key management positions have known the incumbent (FB2-GEN2) for 25 and 20 years respectively and were, presumably, appointed (at the time)

lower in the hierarchy. Thus, the two outsiders have ‘grown with’ the business, in the sense that they have organically ascended the hierarchy. This extended period of time has meant the relationship between the outsiders and the incumbent has had time to formulate and mature, this has led to them now “*act[ing] like family*”. Their status as an outsider has changed to be ‘like family’ and so they are treated as such, having “*blazing rows and stuff like that...*”. In FB6 the outsider did not have this time to mature with the business, he was appointed from outside and immediately undertook a key management position. The lack of time to mature with the business and the incumbents could have been a contributory factor to the conflict between the Chief Operating Officer and FB6-GEN2A(I). This could be useful when considering the succession process because being mindful that bringing in a new outsider (i.e. someone who has never worked in the business or known any of the staff) could cause serious setbacks for a succession process.

This sub-theme on outsiders can be broken down into two sections: the first was the role of outside advisors and how their advice can impact the succession process; the second section explored the role of outsiders who are employed in the family business. Each of these sections will now be summarised to show how they provide insights into the succession process. To begin, there were examples of outsiders, such as business coaches and non-executive directors, being ‘catalysts for change’, i.e. discussions with, or appointments of, these individuals were the first step in the succession process. It is important to consider how this first step could be overlooked by family businesses, thus posing a possible challenge for the succession process to begin. The second section of this sub-theme explored the role of outsiders who are appointed to senior roles within the family business. This section discussed examples from a family that had appointed an outsider to the senior role of Chief Operating Officer. After a period of time the relationship between the outsider and the family members was fraught with frustration and anger leading to struggles for power and notably different opinions regarding how the business should

operate. In this example, the ultimate outcome was termination of the Chief Operating Officer's employment with the business. This is a challenge for the succession process because if it includes the appointment of an outsider in a senior capacity, there could be potential for these kinds of issues to arise. If an appointment of this kind is made, then the family needs to find ways of working with the outsider in order to move the business forward in a harmonious way. The next sub-theme will explore the challenges for the succession process when the key groups that are responsible for the strategy and management of the business become conflated.

5.6.3 Conflation of 'the board' and 'the management team'

This sub-theme explores how the roles of 'the board' and 'the management team' in some family businesses, are, or have become, combined. Discussions focus on the issues that arise when the two groups are combined and the potential challenges for the succession process.

FB2-GEN3(I) explained how the board and the management team are combined and the direction he has to give to members in order to remind them of the role they should be 'playing:'

I say to everyone in the department that has been put onto the board...you now have to forget that you are management; you now have to pretend that you are not a part of the business and that you're looking objectively.

He continued to explain what happened in meetings if individuals stopped acting like board members:

And if anyone started talking about, you know [operational detail] I would say no, you're not actually acting like a board member here, you've got to be looking after the shareholders, that's what you're looking after.

In the first quotation, we see how FB2-GEN3(I) tells members "...*you now have to forget that you are management...*" and to "...*pretend that you are not a part of the business...*". The fact

he follows this up by saying that they need to ensure they are “*looking objectively*” presumably at decisions, implies that they consciously have to enact a different role, like putting on a different ‘hat’. In setting the strategic direction of the company, the board has a unique role, in that it does not usually get involved in the implementation of that strategy. This allows the board to remain objective in their decision-making on behalf of the shareholder. Having no involvement in the operational elements of the business means they are not involved in things like day-to-day operational issues and organisation politics. In the second quotation we can see how FB2-GEN3(I) attempts to assert this message about shareholders’ interests: when members begin to talk about ‘out of scope’ issues, he says “*you’ve got to be looking after the shareholders*”. This leads to a question about the effectiveness of a board that is essentially a management team that has to ‘forget’ they work for the organisation and become board members. The result is that, potentially, the management and board issues become enmeshed and thus operational and strategic decisions are no longer separate and effective. This could become an issue for the succession process because knowing ‘who does what’ and ‘who is responsible for what’ will be key in determining how a process will be designed. Handler (1994, p. 147) explains that the basic tasks involved in the succession process include: “*Designing and staffing the structures appropriate for managing the change, including a family council, a management task force, and a board of directors*”. If the board and management team are operating in a dual capacity, then they may struggle to fulfil this appropriate staffing structure, in order to effectively manage the succession process. In publically listed organisations the two entities are usually kept separate in order to ensure principal-agent problems do not arise through conflation of operational decisions (usually made by the management team) and strategic decisions (usually made by the board) (FRC, 2014; Jensen & Meckling, 1976).

When asked about the board and the management team, FB4-GEN4(I) described a similar situation: “*It’s one entity...arguably the real board is the management team*”. He goes on to say:

To all intents and purposes, I am the chair, but the actual chairman of the company is still my father...We classify the management meeting as the board, which he doesn’t attend and I chair the management meetings...we have a board which, on that, we’ve got a management team and we behave as the board.

Similar to FB2 where the emphasis was on “*acting like the board*”, here in FB4, GEN4 says the management team is “*behaving as the board*”. The notions of ‘acting like’ and ‘behaving as’ reinforce how management are expected to ‘become’ different people in the context of the board meeting.

FB5-GEN3(S)’s business shared the same approach:

At the moment it’s just one entity...we had an issue at one point with some people trying to decide that that meeting should be purely strategic, some people saying it should be purely operational, and eventually we kind of just went, why can’t it be both? But just be clear about what our expectations are.

This quotation would seem to indicate that there was period where the board/management team had differing opinions about the type of discussion that should take place in the meeting. FB5-GEN3(S)’s use of the question “...*why can’t it be both?*” with “*it*” being used to mean the meeting, and “*both*” being used to mean the issues that would be discussed could include operational and strategic issues. The final point appears to be a caveat of sorts, use of the conjunction “*but*” at the beginning of the final sentence implies that in order for the meeting to include discussion about strategy and operational issues, individuals are required to have clear

expectations about what needs to be achieved. So, in FB5 there is no separation of the role of board and management team, the two are combined, and thus all decisions are made in one forum. FB5-GEN2(I) also explained how the company approached this issue:

The only decision we would make in a shareholder meeting would be something like if we decided to sell the company...something that affected us financially and had implications for members of staff...but other than that every decision is made at management level.

This is similar to what her son (FB5-GEN3(S)) said with the additional mention of the shareholder meeting. However, after the interview had ended and the recording had stopped, FB5-GEN2(I) discussed her concerns about where she was going to 'fit in' now that she had retired. Part of the discussion was about her going on to become chair of the company. However, she expressed concern about the role having little impact on the company, as there was no board for her to chair. FB5-GEN2(I) also briefly alluded to this in her interview:

...the problem is that because I have started to come back into the office more, is that fact that I am undermining people because people are coming to me rather than their managers...at the moment we are in the process of [determining] what exactly is [it I am] doing, which is a bit difficult.

This example highlights a broader issue for the role of the incumbent, post-succession, when the board and the management team are one entity. When the board and the management are separate the incumbent could go on to become the chair of a board that sets the strategy of the company, however in the absence of this, the incumbent could feel forgotten (Lansberg, 1991), excluded or 'lost' from the family business without a role to play (Sonnenfeld & Spence, 1989). Thus, without a role to play the outgoing incumbent could cause problems for the successor,

such as “*undermining people*” which could lead to family disagreements (Harvey & Evans, 1995).

This sub-theme has explored how participants outlined the ways their family businesses described merging of the board and the management team. In the examples presented, members of each group were expected to have two ‘hats’, i.e. management team and board member. In addition, there was an expectation that they should ‘pretended to forget’ the issues that had arisen in a particular group depending on what ‘hat’ they were wearing at the time. Thus, participants seemed to describe a situation where the two groups were enmeshed. The data surrounding the guidance that the participants gave to members of the groups (i.e. reminding them they had to wear two ‘hats’ and ‘pretending to forget’), suggests a lack of clarity regarding ‘who was responsible for what’. In other words, there were issues surrounding decision-making within these groups. The challenges this poses for the succession process include the potential for poor governance decisions to be made because there is insufficient separation between strategic and operational decision-making. In addition, there is an issue regarding succession of the incumbent once the successor takes over as CEO. In the absence of a board, the outgoing incumbent does not have a ‘natural’ path of succession, i.e. he/she cannot go on to become Chair. This can lead to questions around what role does the incumbent play, post succession (Sonnenfeld & Spence, 1989).

This theme regarding roles has been divided into three sub-themes: position and place, outsiders and conflation of ‘the board’ and ‘the management team’. Each of the three sub-themes has contributed to understanding the challenges for the succession process, these challenges will now be briefly summarised. In the first sub-theme of position and place, the challenges included ensuring that successors were in the right position or role within the business to ensure that there is clarity around who is responsible for particular decisions, thus promoting inclusion which can

lead to more harmonious relationships moving forward (Danes et al., 2002). Further challenges involved ensuring that the succession process enabled next-generation members to feel empowered to challenge and understand decision-making. In addition, the data suggested that it was important for clarity to be provided around how the business was to ‘look’ (i.e. who was going to do what role) in the future, enabling clarity for those involved in the succession process.

The next sub-theme, outsiders, explored how there could be a challenge for the succession process to begin if outsider advisors (consultants and non-executives in the examples) were not involved in the business, because they acted as ‘catalysts for change’, in the sense that they were the ones who helped to get the process under way. Further challenges in this area surrounded the negative impact that an outside appointment to a senior position in the family business can have on the family members. Thus, succession plans that include outside appointments need to consider the issues that can arise as a result and find ways to prevent this from occurring.

The final sub-theme was about conflation of ‘the board’ and ‘the management team’. The challenges that emerged highlight how conflation of the two groups could lead to insufficient separation between strategic and operational (management) decision-making. In addition, the data highlighted that when the two groups are combined there is no ‘natural’ path of succession for outgoing incumbents, thus the succession process needs to find ways to overcome this challenge. The next section will explore the meta-themes that have emerged from the analysis of data in this chapter.

5.7 Interpretations of the challenges for succession in family businesses

The purpose of this section is to give an overview of the meta-themes that have emerged from the analysis throughout this chapter. The chapter has been broken down into a number of themes and sub-themes (a visual overview can be seen in Appendix D). At the end of each theme and

sub-theme the emergent challenges for the succession process were identified and discussed. The theme of power and control is discussed at the beginning and includes extensive discussion about how control appears throughout the data. However, the additional themes of gender, status and roles also seem to have an overarching concern for control. The following examples will explore how this is so. The theme on gender highlights ways in which control seems to be exerted over women. The data suggest that men seemed to make decisions about who should run the business based on gender i.e. men should run the family business and women should not. These decisions suggest that women are unequally treated and as a result have a reduced amount of control within the business hierarchy.

In the 'status' theme there was a discussion that focused upon how physical distance from the family business can affect the recognition incumbents receive amongst their peers (e.g. when the incumbent has less involvement on a day-to-day basis as a result of the succession process). This loss of recognition appears to create feelings that could be associated with loss of control over the business. Further examples in this theme include one participant giving himself a God-like status, which was, metaphorically, used to describe the type of control the incumbent had over the family business.

The notion of enmeshed systems (of 'family' and 'business') was discussed and how this merging of the two systems led to a lack of clarity around who made decisions within the business. The hierarchy, in this case, led back to one individual who was head of the family and also made all of the very important business decisions. This suggests that hierarchy is linked to control of both the family and the business. A further example of control emerging from the data included an example of a successor who described the 'secrets' of French polishing that his father kept from him; these secrets, which were never revealed, appeared to evoke feelings of mistrust between father and son. The 'secrets' represented the specialised techniques that were

required for the son to take over from his father, and so without the ‘secrets’ been passed on, the son was unable to carry on the business in the same way. The idea of secret keeping from one generation to the next suggests that the ‘secrets’ are used to control the extent to which the next-generation has the ability to become equal to the incumbent, and thus not revealing ‘secrets’ appears to be a technique used to control the next-generation or to retain some control for themselves.

In the final theme of ‘roles’ there was further evidence of control emerging from the data. In the sub-theme of position and place, there were examples of incumbents placing successors in certain roles and positions within the firm. The data suggested that this was to ensure that there was clarity around who would become the next successor and who was responsible for certain decisions within the business. These conscious decisions taken by incumbents would suggest a certain degree of control being exerted to ensure that their wishes are being fulfilled. Further evidence of control (or in this case, lack of it) can be found in ‘conflation of the board and the management team’. Within this theme it would seem that the control is being focused on a group of individuals who are expected to act as both the board and the management. Interestingly, by having too much control in one place (i.e. the one group, making all decisions) the business would seem to have less control in terms of governance procedure (e.g. insufficient separation between strategic and operational decision-making).

5.8 Summary

This chapter has explored four major themes and related sub-themes. Under each of these sub-themes the data have been explored in relation to the literature. The purpose of the chapter was to analyse that data to address Research Question 2. Accordingly, the emergent themes have provided insights into the challenges that family businesses face while undergoing the succession process. The chapter culminated in a discussion about the meta-theme of control, which emerged from the data. The next chapter will take the findings from this chapter (Chapter

5) and the previous chapter (Chapter 4), to show how the theoretical contribution to knowledge made by this thesis has been developed. In so doing, the next chapter will address Research Question 3.

Chapter 6: Theoretical contribution: understanding how governance arrangements relate to the succession process

6.1 Introduction

The previous two chapters presented themes from the data that answered Research Questions 1 and 2 respectively. Through further discussions of these themes, this chapter explains the theoretical contribution of this thesis. In so doing, this chapter addresses Research Question 3: How do governance arrangements within family businesses relate to the succession process? The chapter begins by reviewing and re-stating the research questions so that the reader is clear as to where this chapter is positioned. Secondly, it provides an overview of the academic work that underpins the development of this chapter and presents the theoretical contribution of this thesis. Next, the chapter guides the reader through four stages in order to draw out the theoretical contribution. Throughout these sections there will be a number of figures to enable the reader to conceptualise and understand how the theory is being developed. The penultimate section states the theoretical contribution of the thesis. Finally, this chapter ends with a summary and a brief introduction to the concluding chapter.

6.2 A review of the research questions and positioning of this chapter

The analysis and discussions in Chapters 4 and 5 have addressed Research Questions 1 and 2 (see Table 13). In so doing, Chapter 4 provided insights into the varying approaches to, and interpretations of, governance within family business. Chapter 5 explored the challenges that family businesses face during the succession process and provided insights into why these problems may arise. In addition to answering the research questions, each chapter concluded with a discussion of the meta-themes that emerged from the data. This chapter will draw upon the emergent meta-themes in order to answer Research Question 3. This brings together the two areas of governance and the succession process (Research Questions 1 and 2) to understand how governance arrangements relate to the succession process in family businesses (Research

Question 3) (see Table 13). The next section will explain the guiding principles that will be used to build the theoretical contribution.

Research questions
1. How does governance ‘work’ in family businesses?
2. What challenges do family businesses face when undertaking the succession process? Why do they arise?
3. How do governance arrangements within family businesses relate to the succession process?

Table 13 - Research questions

6.3 Building the theoretical contribution

According to Reay and Whetten (2011) and Whetten (1989) a good theory must reliably explain the phenomena of interest. In order to do that it must answer the four questions in Table 14. Whetten (1989) uses the term ‘factors’ to describe what the author has termed ‘themes’ in the previous chapters. Accordingly, the author will continue to use the term ‘theme’ for consistency within this thesis. Any direct reference made to Whetten’s (1989) work will include this adaptation.

Questions to determine a good (strong) theory
(a) What are the key [themes] that are critical to the explanation of the phenomena of interest?
(b) How are these key [themes] related to each other?
(c) Why does this representation of the phenomena deserve to be considered credible?
(d) What are the conditions under which we should expect the propositions of the theory to hold true?

Table 14 - Questions to explain theory (Whetten, 1989, p. 490-492)

Question (a) explores “*which [themes] logically should be considered as part of the explanation of the social or individual phenomena of interest*” (Whetten, 1989, p. 490), in other words the critical themes that emerge as part of the analysis. The second question, (b), considers the relationship between the phenomena, i.e. it explains how each of the themes (which make up the phenomena) link to each other. Question (c) asks why the representation of the phenomena is credible. Answering this question is important because, according to Whetten (1989, p. 491), the rationale that is provided “*constitutes the theory’s assumptions – [and is] the theoretical glue that welds the model together*”. Finally, question (d) asks about the conditions under which the

theory can be true (e.g. it considers the boundaries of generalisability). Each question will be explored in the following sections in order to build the theoretical contribution of this thesis.

6.3.1 What are the key themes of governance and the succession process?

In this thesis the two phenomena of interest are: governance arrangements and the succession process. The themes that explain the phenomena have been discussed in detail in Chapters 4 and 5. However, Figure 11 shows where each of the phenomena are positioned in relation to the research questions and this chapter which will address Research Question 3. Figure 11 also highlights the themes which emerged from the data.

The governance phenomenon was explored in Chapter 4 where four key themes emerged: making a change, taking a strategic approach, governing activities through values, and building knowledge. Within those themes there were a number of sub-themes which helped to understand better the concepts emerging from the data such as ‘legal and policy’ and ‘finance and ownership’ (see Appendix D). In answering Research Question 1, Chapter 4 explored varying approaches to, and interpretations of, governance in family businesses. The data suggest that there are varying interpretations of governance, which include corporate governance and the succession process. The key meta-theme which emerged across the themes (and sub-themes) was an overarching concern for ‘control’.

The ‘succession process’ phenomenon was discussed in Chapter 5 and included four themes: power and control, gender, status, and roles. Once again, each theme contained a number of sub-themes, such as ‘letting go’ and ‘a tug of war’ (see Appendix D), that aided understanding of the emergent concepts. Each of the themes contributes to both questions within Research Question 2. For example, the data show how gender (e.g. the role of women) can cause challenges for the succession process, because of the way individuals perceive the way a person’s gender affects their role within a family business (i.e. why do they arise?).

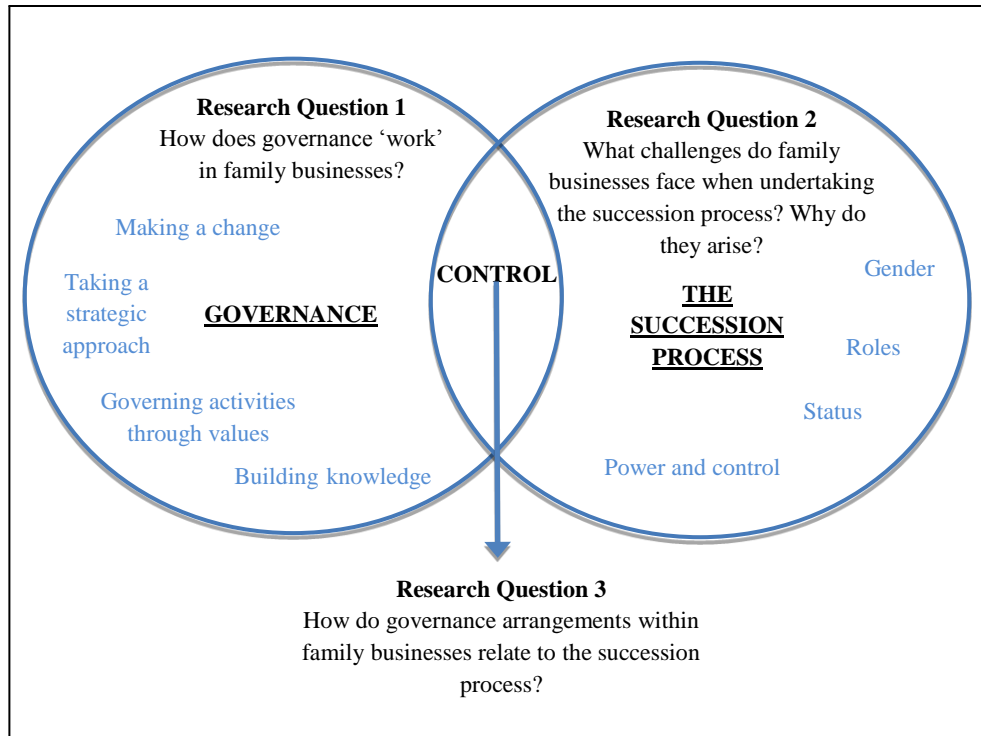


Figure 11 - Research phenomena

As with the governance phenomenon, the key meta-theme was an overarching concern for 'control'. Table 15 provides an overview of the phenomena and themes, accompanied by a description of how 'control' emerges in each. The next section will explore and show how the overarching concern for control connects the two phenomena, drawing upon examples from the data.

Phenomenon (research question)	Theme	How 'control' emerges from the data
RQ1 - How does governance 'work' in family businesses?	Taking a strategic approach	<ul style="list-style-type: none"> • External regulatory and legal requirements controlled how roles were undertaken in the family business. • Internal policies controlled behaviour of people within the family business. • External financial implications controlled decision-making (e.g. the arrangement of ownership to facilitate tax efficiency).
	Making a change	<ul style="list-style-type: none"> • 'Movement' was used to describe governance arrangements in the following ways: <ul style="list-style-type: none"> ◦ Controlling how the business moved from one 'place' to another. ◦ Controlling the 'distance' between incumbent and successor after succession has occurred. ◦ Controlling how movement of ownership was managed from one generation to the next. • Change should occur under 'measured' (i.e. controlled) circumstances.
	Building knowledge	<ul style="list-style-type: none"> • Using external qualifications to control the quality of staff within the business. • Successor gaining confidence through knowledge building, and thus being able to control the future of the business more.
	Governing activities through values	<ul style="list-style-type: none"> • Using notions of values, ethics and ethos as a way to control behaviour of those working in the family business.
RQ2 - What challenges do family businesses face when undertaking the succession process? Why do they arise?	Power and control	<ul style="list-style-type: none"> • 'Letting go' of control of the family business was a challenge - three 'types' of 'letting go' identified two main challenges: <ul style="list-style-type: none"> ◦ Discovering how control varies, as evidenced by the different 'types' of 'letting go'. ◦ In family businesses where incumbents wield too much control and are unwilling to 'let go', feelings of frustration and mistrust appear to be evoked amongst family members. • The family business described as a 'baby' as justification for not 'letting go'. • The family business incumbent being compared to a God-like figure in order to describe the control that was exerted. • Varying degree of control over how family business ownership should be decided upon.

Phenomenon (research question)	Theme	How 'control' emerges from the data
		<ul style="list-style-type: none"> • Heightened control over the family business can help manage quality of work. • Rapid expansion can lead to decreased control over the family business. • Showing an ability to control people is a determiner of ability to be successor of the family business. • Larger geographical area, which the business is spread across, causes decreased control over the business for the family. • Incumbents feeling their power and control are threatened by other family members and outsiders (non-family employees in senior positions).
	Gender	<ul style="list-style-type: none"> • In the family businesses where males were in management: <ul style="list-style-type: none"> ◦ Men making decisions about who should control the business based on gender alone. ◦ Women treated unequally within the family business and having limited control over family business ownership or management.
	Status	<ul style="list-style-type: none"> • Incumbents' physical distance from the business (i.e. moving away from day-to-day involvement) creates feelings of losing control and thus, loss of recognition amongst peers. • The enmeshed systems of 'family' and 'business' creates a lack of clarity around who controls decision-making. • The higher a family member is on the family hierarchy the more control that person has over what happens in the business. • More experience and age equals more control over what happens in the family business.
	Roles	<ul style="list-style-type: none"> • Incumbents controlling the placement of potential successors (children) in specific roles within the business to ensure that they are positioned to make the transition to next-generation leader. • Individuals expected to be both members of 'the board' and 'the management team', thus creating a lot of control in once place.

Table 15 - Phenomena, themes and the emergence of 'control'

6.3.2 How are the themes related to each other?

This section will build upon the last to highlight how the themes which emerged from the data are connected and relate to one and other. Rindova (2011, p. 20) suggests that in order for authors to move from insights to theory they must: “*connect stand-alone ideas into a network of concepts and relationships*” to do this they need to “*decompose their insights into constituent concepts and relationships, as well as to ensure that they connect them effectively into an integrated whole*”. Table 15, in the previous section, demonstrates how the previous chapters documented the emergent concepts and how ‘control’ appears to connect them. This section will focus on describing *how* that connection has been made and the subsequent implications. In order to describe the relationship between the themes it will be helpful to draw upon specific examples from the data. The axes in Figure 12 represent each of the phenomena and the labels of high, moderate and low represent the varying levels of the existence of the phenomena. By labelling the axes in this way the themes that have been described throughout the analysis are ‘collapsed’ and represented by one ‘measure’. It is important, from the outset, to understand how the themes interplay within the overall ‘measure’ and thus how a judgement is made about how a business would be represented within Figure 12.

Beginning with the vertical axis, high levels of this phenomenon could be demonstrated when a business operates both high degrees of formal (contractual) and informal (relational) governance mechanisms (Mustakallio et al., 2002). The presence of high levels of governance in the business could be supported by examples showing how individuals exert control over others. Low levels could be demonstrated through few or no governance arrangements (i.e. low levels of control through governance mechanisms). Moderate levels could be demonstrated by individuals showing knowledge of governance and examples of governance practice within their business, while not being overly focused on using governance arrangements to control how the business operates.

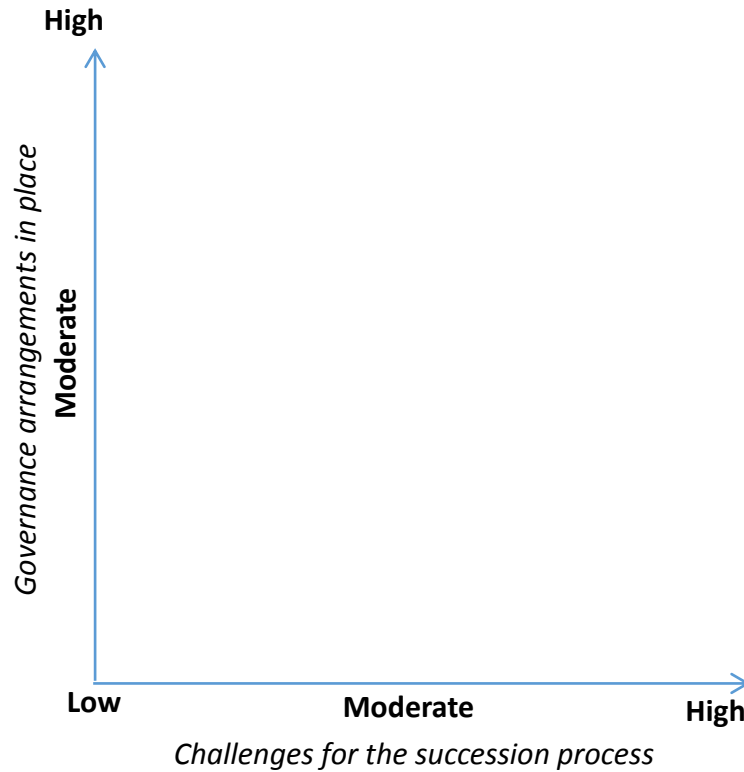


Figure 12 - Governance arrangements vs. challenges for the succession process

Secondly, for the horizontal axis, high levels of challenges for the succession process also appear to be associated with high levels of control within the theme(s). For example, unwillingness to ‘let go’ of the business throughout the succession process could prompt feelings (from successors) of incumbents having too much control within the business. In contrast, low levels of challenge for the succession process suggests that families undertake the process with few problems to overcome because of a related low level of control. An example could be participants who respect their position within the business and do not ‘fight’ for ‘ownership and control’ of the business. Moderate levels of challenges for the succession process would suggest that within the themes used to describe the challenges, moderate levels of control exist, falling somewhere between ‘high’ and ‘low’.

6.3.2.1 Low governance arrangements and low succession process challenges

This section draws upon examples from FB1 in order to demonstrate how a family business with low governance arrangements also had low challenges for the succession process. When questioned about governance, FB1-GEN3(S) described it by explaining:

...in a, in a family business setting, I would say erm...[it is] how we are structured, what our values are, erm what our goals and aspirations are and how we erm, how we structure ourselves and discipline ourselves in order to achieve those goals I would say.

Directly after this description of governance, FB1-GEN3(S) was asked (using the description he gave) to comment on any kind of governance practice his family business had in place, to which he responded: “*No, none whatsoever*”. This could be considered slightly paradoxical because the description he gives includes things such as values, goals and aspirations, which could be considered informal ‘mechanisms’ by which the business could be governed. However, given that he was asked about the governance practice in his family business, using his own description, responding in the way he did suggests low levels of governance arrangements within the business. The participant does, however, mention the fact that the family “*live and breathe*” the business, which suggests a high degree of commitment which was discussed under ‘governing activities through values’. This idea of commitment aligns with the definition above which concerns governance being about the values of the family. This could be suggestive of a type of governance arrangement existing (i.e. operating the business according to this notion of commitment) but the participant not recognising it as such. This is not to say that commitment to values does not influence the way the family operates, but the way it currently ‘exists’ in the mind of this participant seems almost subliminal, and so the family does not actively consider this as a way of governing the business. Mustakallio et al. (2002) suggest that families need to give more attention to refining the more informal governance mechanisms to strengthen the family and the business. They suggest that the closeness of family members within family

businesses may allow the firm to build “*informal, self-reinforcing governance mechanisms that complement the formal systems emphasized by agency theorists*” (Mustakallio et al., 2002, p. 206). The example from FB1-GEN3(S) above, would suggest that this family does not recognise the informal arrangement (i.e. commitment to values) as a mechanism for governing the family business. The idea that informal arrangements could complement the more formal systems of governance (such as those explained by agency theory) suggests that a ‘moderate’ approach to governance arrangements (i.e. a balance between the formal and informal) could be good for family business governance. Another example from FB1-GEN3(S) which suggests low levels of governance arrangements, is the way he refers to the shareholding structure being arranged in a specific way “*just for tax reasons*”. This was discussed in detail under the ‘taking a strategic approach’ theme. The fact that he attributes the reason for the shareholding structure to a decision regarding financial benefits could be further evidence of an informal governance arrangement (i.e. to be financially efficient). However, use of the adverb ‘just’ implies that there was no other reason for the family to arrange the shareholding in the way they did (i.e. there was no formal governance agenda).

These examples highlight how the data do not suggest that FB1 is actively engaged in organising formal governance arrangements within the business. However, the examples do suggest the potential for informal governance arrangements to exist. FB1 has been described as having low levels of governance arrangements because, although some informal arrangements may exist, their nature seems to suggest that they have low levels of control over the way the business is governed.

There are examples from FB1 which highlight that a degree of control exists through issues such as gender and hierarchy, however the relative impact of control appears to be minimal resulting

in low levels of challenges for the succession process. In terms of power and control surrounding ownership, FB1-GEN3(S) said:

Ownership is just a piece of paper [in our family]. There is no difference between myself and my cousin in comparison to our fathers, even though we own it [that part of the business], our decision-making isn't any stronger than theirs... we make decisions as a family.

This extract would suggest that decision-making is taken as a family and, just because an individual does not control the majority shareholding or work predominantly for that part of the business, that individual's decision-making power is not diminished. This shared approach to decision-making and ownership is important when reflecting on the challenges for the succession process. The family business literature suggests that the issue of ownership of the firm and succession go hand-in-hand. For example, Lansberg (1988, p. 147) says that one of the basic tasks involved in succession is *"developing an estate plan that specifies how family assets and ownership of the enterprise will be allocated..."*. Janjuha-Jivari and Spence (2009, p. 703) describe succession planning as *"a form of strategic planning, which makes provision for the transfer of ownership from one generation to the next"*. In the first quote we see how *"estate plan[ning]"* is associated with *"family assets"* and *"ownership"* and in the second, *"strategic planning"* is connected to the *"transfer of ownership"*. In terms of how important ownership is to the family business, Ward (1997) suggests that mismanagement of ownership can significantly decrease the chances of family firm survival and growth. These ownership-related problems often arise as a result of two issues. The first is due to sibling or cousin successor conflict, where ownership is transferred to multiple successors who are related (Ward, 1997). The second is conflict that arises between generations when the incumbent-generation struggles to 'let go' of ownership (Gagne et al., 2011; Handler, 1992, 1994; Handler & Kram, 1988). Both

of these examples concern struggles concerning control of ownership. In FB1 it would seem that control of ownership of the family business, between cousins and generations, is not an issue because ‘ownership is just a piece of paper’ and decisions are made ‘as a family’. Thus, in relation to ownership, low levels of control appear to exist, which may result in low levels of challenges for the succession process. This is in contrast to families where higher levels of control exist which mean that next-generation members do not have a ‘voice’ in decision-making.

There are, however, areas where levels of control do exist in the business, for example, there appear to be some gender issues in relation to the role that women can play in the business. FB1-GEN3(S) explains the differences between what men and women would receive in terms of succession arrangements in the family business:

Daughters would get, you know, they may get money, but not ownership of business which is seen as the same as land over in India.

This extract suggests that, in FB1, in terms of potentially becoming owners of the family business, daughters are treated differently to sons. In analysing the previous extract, the importance of ownership for the succession process was highlighted. However, in terms of the challenges for the succession process, specifically for women, Cole (1997, p. 363) says that: *“family-business women’s chances of running the company remain slim because of the primogeniture rule – the first-born son usually inherits the business”*. In these circumstances daughters often feel demotivated (Jimenez, 2009) or have to overcome stigma around incompetence or ignorance about the business (Barnes & Kaftan, 1990). The fact that women are excluded from potential ownership in FB1, purely as a result of gender, appears to support the aforementioned literature and highlights a kind of control that exists over women in the business. This could mean that challenges for the succession process arise as a result of women

feeling demotivated and having to face certain stigmas (Barnes & Kaftan, 1990; Jimenez, 2009).

However, FB1-GEN3(S) goes on to say: *“I suppose, culturally that’s just the way it is and we all know the way it is”*. This suggests that (according to FB1-GEN3(S)) both the males and females are accepting of these arrangements, using culture to rationalise this approach.

That being said, when considering the hierarchy in the business, one woman is described as *de facto* head of the family business. FB1-GEN3(S) explained how big decisions are made in the business and the role his Grandmother plays:

...we do sit down for big decisions. So that’s usually if we are buying something big, or selling something big... the funny thing is, is that we have to translate for my Grandma because she still can’t speak very good English even though she’s lived in the UK for years, so every big decision still has to go through her because she stands in for my Grandad.

This extract suggests that although outwardly the business seems to discriminate against women in terms of ownership, women are still respected to a degree. The hierarchical position that the Grandmother has is suggestive of respect for women because all of the ‘big’ decisions have to be given her approval. However, within this process, a slight paradox appears, which once again brings into question gender within this business. FB1-GEN3(S) says the reason why decisions are passed through his Grandma is because *“she stands in for my Grandad”*. This suggests that the only reason she is allowed to have this kind of control over the family and the business is because her spouse (the Grandfather) is deceased. Either way the level of control that appears to exist does not appear to cause challenges for the succession process in this business.

In FB1 it would seem that there are low levels of governance arrangements in place. Those arrangements that are in place have a low degree of control over how the business is governed and managed. The fact that some challenges exist (i.e. gender and hierarchy) is reflected by FB1

being represented slightly more towards ‘moderate’ on the horizontal axis of Figure 13. The ‘box’ which represents FB1 is spread across an area on the figure (which is surrounded by dashed lines) to represent the fluid and complex interplay between the phenomena being described.

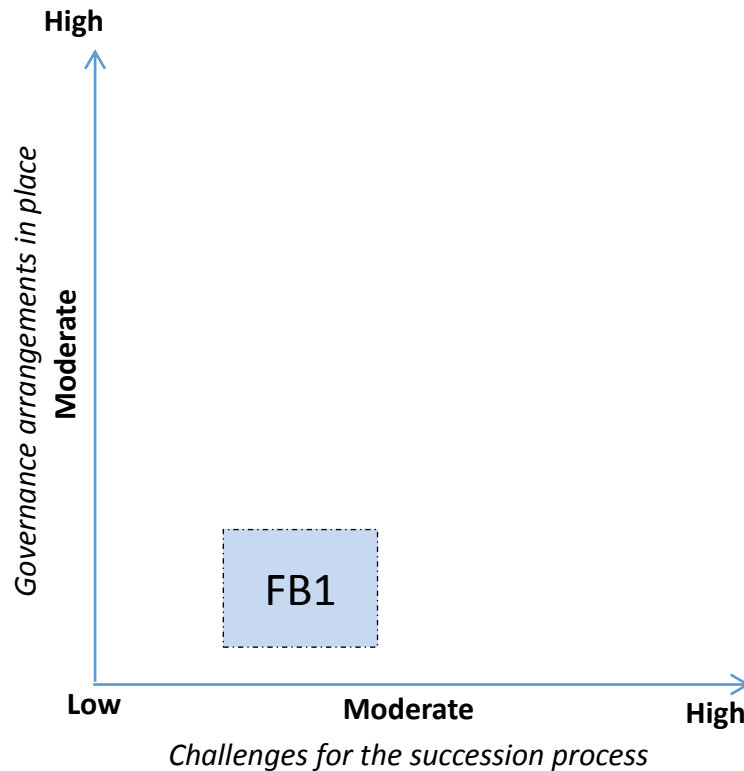


Figure 13 - Governance arrangements vs. challenges for the succession process (Low)

6.3.2.2 Moderate governance arrangements and moderate succession process challenges

This section will draw upon examples from FB5, building upon the previous section, to show how more moderate levels of ‘control’ appear to exist across the themes within the phenomena and how this appears to form more moderate levels of governance arrangements and challenges for the succession process. In terms of the degree of governance arrangements that were in place, FB5-GEN3(S) explained how there were no formal governance procedures in place, but that some informal arrangements did exist:

I wouldn't say [we have anything] formally, though, I think informally we do. I think we are all very much erm...as a family, focused on, you know, putting the business first. We recognise that, you know, from a legal perspective, it is a stand-alone entity, as a limited organisation. Erm...but in terms of a formal sort of, set of rules as it were, or procedures, there's nothing that we hold currently.

This extract would suggest that there are no formal governance procedures in place in terms of "*a formal set of rules*". However, he does suggest that, informally, there are governance arrangements in place. In the previous section (6.3.2.1), FB1-GEN3(S) also said there were no governance procedures in place, but then he went on to describe how committed the family were to the business, which was in effect a kind of informal governance arrangement (i.e. commitment to the needs of the business). Thus, it could be argued that FB5 and FB1 are similar in terms of governance arrangements, however the fact that FB5-GEN3(S) recognises that informal arrangements are in place would suggest a slightly higher level of control over the governance within the business. Further support of this point, and justification for FB5 being discussed under 'moderate', is the family's use of an external business coach to think about the succession process. Both participants within FB5 discussed how they used the services of an external business coach to help them with issues surrounding succession. FB5-GEN2(I) explained:

...we had a business coach called Emma, so Emma sat down with us and sort of said right, if [son] is going to take over and that's what's agreed, how is this actually going to happen?

Similarly, FB5-GEN2(I)'s son (FB5-GEN3(S)) said:

...[succession is] something that I addressed with our business coach probably three years ago now and I kinda (sic) said, look I think informally that these guys probably

want me to run the show in a few years' time and they've never actually formally said that so I think I kinda (sic) need to know what's going on.

This kind of engagement with an external business coach regarding the plans for succession would suggest that the family had a slightly more structured approach to this element of governance arrangements (i.e. the succession process). With this more structured approach, there would, by default, be an increased degree of control over the governance arrangements (with regards to succession) within the business.

Several examples from the data suggest that, while the succession event has already occurred within FB5, moderate levels of challenges for the succession process still remain. FB5-GEN3(S), who is now CEO, described how his mother is still struggling to 'let go' of some elements of the business and her previous role:

My mum is still involved with some elements of the business that she herself probably realises she shouldn't be and from my perspective it would make sense for her to start to move away.

His mother, FB5-GEN2(I), also briefly alluded to this in her interview:

...the problem is that because I have started to come back into the office more, is that fact that I am undermining people because people are coming to me rather than their managers...at the moment we are in the process of [determining] what exactly is [it I am] doing, which is a bit difficult.

This idea of the incumbent being unable to 'let go' of the business was discussed extensively in Chapter 5 under the theme 'power and control' (Section 5.3.1). In addition, exploring the roles that individuals held within the family business and the subsequent impacts was discussed in Section 5.6. In both cases, the notion of control was discussed, and with the examples shown

above, there are elements of control that can be observed. FB5-GEN2(I) seems to not want to ‘let go’ of the business (i.e. give up, or lose, control) because she is unsure of the role she is going to play in the business, now that her son is the CEO.

The existence of the external business coach in FB5 implies an increased level of governance arrangements when compared to FB1; this has led to FB5 being represented more towards the ‘moderate’ portion of the vertical axis on Figure 14. Similarly, the increased challenges for the succession process that appear to emerge through FB5-GEN2(I) has led to FB5 being represented centrally on the horizontal axis of Figure 14. The rectangular shaped ‘box’ that surrounds FB5 represents the changing nature of the challenges for the succession process.

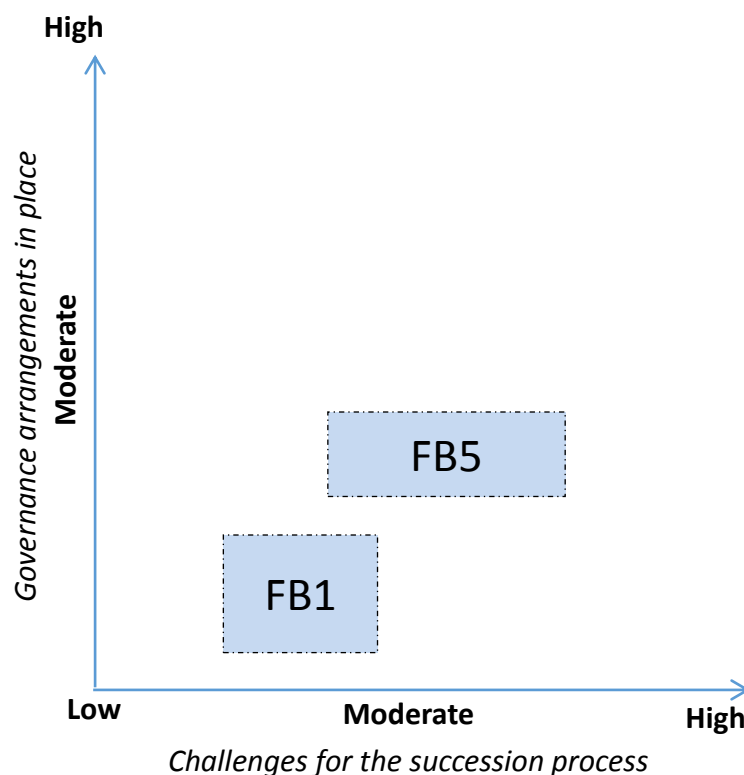


Figure 14 - Governance arrangements vs. challenges for the succession process (Moderate)

6.3.2.3 High governance arrangements and high succession process challenges

Within FB6 the data suggest that there are high levels of governance arrangements in place.

These governance arrangements are formally structured, in the sense that they are embedded within the day-to-day operations of the business and openly recognised as such. The governance arrangements include: a family council, a board of directors, the presence of a non-executive director and a succession planning process. In addition, one of the participants discussed numerous operational policies and procedures that the business has.

FB6-GEN3(S) explains how the family council and the family constitution are the ways in which the business' future plans are 'set out' and 'secured:'

...as a family member we have a family council and a family constitution and that for me would be how I would explain what we currently have in the business to secure the future. Or at least set out plans or ideals of how we would like to see the company progress in the future and its family ownership.

This extract highlights how the family council and the family constitution appear to enable high levels of control over how the business' future will develop. In addition, the above extract would suggest that the family council and the family constitution are the governance arrangements that help inform the development of the succession process (e.g. the future of family ownership). There is also evidence of how the family council enables the next-generation to have some control over the way the business is progressing. FB6-GEN3(S) explained how she and her siblings set out tasks for the incumbent-generation to undertake:

...we've actually set them [the incumbent-generation] tasks for the next family council, that they have to come and present to us about. You know, what steps they are [taking] and what agreements they've got in place and how they are going to get to the place

they need to get to, in terms of you know, erm...reducing their hours or actually stepping away from the business completely on a day-to-day basis.

This is further evidence of the family council (as a governance arrangement) enabling the next-generation family members to have an increased level of control. In addition, it shows how the family council is used as a forum for them to have a 'voice' in understanding how the succession process is going to be designed and the future impact that this will have on them and the business.

FB6-GEN2F(I) explained how the introduction of a non-executive director to the board was going to help with long-term plans for succession:

...we've finally taken the step of appointing a non-exec director...who provided some support and advice...on some of the more commercial aspects of our longer term plans and succession planning...after only a couple of weeks it's proving challenging, but that's exactly what I expect.

The appointment of a non-executive director suggests further levels of control over governance arrangements within the business. The quotation does not directly indicate the level of independence that the newly appointed non-executive director has. However, FB6-GEN2F(I) does say that "*it's proving challenging*", in this case the author is interpreting "*it*" to mean the involvement the non-executive director is having in the business. Moreover, the fact that FB6-GEN2F(I) says "*that's what I expect*" suggests that he expected, and even wanted, to be challenged by the appointed individual. Appointment of non-executive (independent or otherwise) directors is considered a positive step to 'good' governance by organisations such as the IoD (2010, p. 17):

A key stage in opening up the company to external scrutiny is taken by the appointment of independent non-executive directors. This signals a firm's willingness to become

more open and accountable in respect of its decision-making and performance assessment.

In addition, the UK Corporate Governance Code (for listed firms) has an entire section devoted to the role of non-executive directors on the board and committees (FRC, 2014). The extract from FB6-GEN2F(I) suggests that the non-executive director is particularly focused on commercial aspects of the business and how the succession process will develop, as well as providing a critical perspective on decision-making. Given that succession planning is a part of governance arrangements, this is further evidence of high levels of governance within FB6.

With regards to the more operational elements of governance within the business, FB6-GEN2F(I) explained how the business operated:

...we are fastidious about adhering to the law specific to our operations, be that in terms of food safety, health and safety, employment law, the manner in which we handle payments to creditors, er...the fairly transparent way that we deal with er suppliers...

This extract would suggest that the business is highly controlled in terms of internal policies to meet their external legal requirements. Once again, this demonstrates that a high degree of governance practice is present in the business, albeit in an operational context rather than the more corporate examples described previously.

Within FB6, the data suggest that several challenges for the succession process exist. As with examples in the previous section, on FB5, there are issues concerning the incumbents being unable to 'let go' of the family business. FB6-GEN3(S) expressed her frustration with her father's inability to let go:

The frustrating part of it all is that Dad is supposed to be handing down day-to-day tasks and responsibilities and becoming much more strategic and he's failing to do [both]...he wants to keep his hand on the pulse.

This extract demonstrates that FB6-GEN3(S) is feeling frustration with her father's inability to 'let go' (give up control) of the business. The notion of control is further articulated when FB6-GEN3(S) describes how her father micro-manages her work:

I mean for example he micro-manages my marketing activity, that kind of thing isn't going to get him in a position of trust for someone much more senior to come in and run the business.

In this extract, FB6-GEN3(S) makes the connection between high control (i.e. micro-management) and trust. More specifically, she discusses how trust issues could be a challenge for the succession process by questioning his ability to trust an outsider to come in and run the business, implying that the outsider will detect the mistrust, just as she does.

FB6-GEN2A(I) directly discusses her inability to 'let go' of the family business due to the responsibility she feels that she has over something (the business) that was so important to *her* father. She described how she felt about letting go of the business: *"In many ways I feel I just can't let go because it was my father's baby"*. The notion of the business as *"the baby"* suggests a helpless entity that requires care and protection, a role that FB6-GEN2(I) seems to have undertaken ever since her father died. Giving up care of 'the baby' (i.e. control of the business) clearly has high levels of emotion attached to it, and thus, within FB6, suggests high levels of challenges for the succession process.

Further evidence of challenges for the succession process in FB6 include biblical references that describe the incumbent-generation as having God- or Saviour-like attributes, leading to enhanced status or increased power and control. FB6-GEN2F(I) discussed the notion of a 'benevolent dictatorship', and, in so doing, he used a metaphor regarding Moses and the Israelites crossing the Red Sea:

...in my limited experience of this small business, people are generally the happiest being led by a benevolent dictator, this does not mean that the dictator shouldn't listen and be accessible...but ultimately Moses did not get the Israelites across the Red Sea by putting it to the vote. So the benevolent dictator is now back in control and we are going to get more clear direction.

In this extract FB6-GEN2F(I) puts himself in the role of 'Moses' and other people in the business in the role of 'The Israelites'. In addition, he mentions the notion of a benevolent dictatorship which is suggestive of an authoritarian leader exerting absolute power, but for the benefit of the people as a whole. His declaration that he is now "*back in control*" combined with placing himself in the role of 'Moses' (i.e. the saviour) suggests a high degree of control within the business. Combined with the previous discussion about 'letting go' of the business and the next-generation's view of her father being unable to 'let go', this declaration of control by FB6-GEN2(I) would suggest further challenges for the succession process within FB6.

FB6-GEN2(I) also uses language that would more usually be associated with describing a deity figure. The language he uses to describe himself and his sister (the incumbent-generation) is suggestive of omniscient qualities:

I think we are moving this transition from a pretty strong all-seeing, all-knowing duo who've run the business for 40 years into the next phase...

The concepts of "*all-seeing, all-knowing*" are qualities which, when discussed in theological terms, are attributes associated with a deity. The fact that FB6-GEN2F(I) attributes these qualities to himself and his sister is suggestive of the high degree of control he feels that he has over the business and the people within it. Once again, when reflecting on this in relation to what FB6-GEN3(S) discusses about 'letting go', this suggests a high level of challenge for the succession process in FB6. Figure 15 shows how FB6 has been presented relative to the

previous two family businesses (FB1 and FB5). The high level of governance arrangements in place, combined with the high levels of challenges for the succession process that emerge, have resulted in FB6 being presented in the upper right corner of Figure 15. The ‘box’ that represents FB6 is surrounded by dashed lines and occupies an area on the figure, this shows how the interplay between the two phenomena is dynamic and fluid in nature.

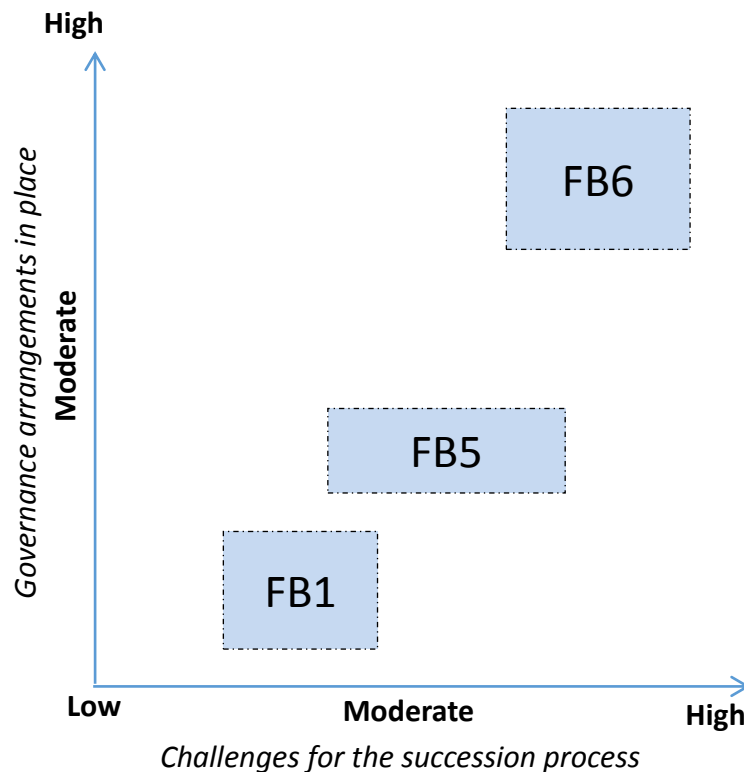


Figure 15 - Governance arrangements vs. challenges for the succession process (High)

6.3.2.4 Presentation of the theoretical model

The previous three sections have described how the three levels (low, moderate and high) have been used to measure the connecting concept of control between the phenomena of ‘governance arrangements in place’ and ‘challenges for the succession process’. The sections have described a connection through the presentation of examples from three family businesses where varying levels of the phenomena appeared. The different ‘boxes’ that represented each of the businesses were presented as occupying an ‘area’ on the figure rather than a fixed point. This demonstrates

how the two phenomena exist on a spectrum, from low to high levels, with the potential to move depending upon changes in the business. Through the description of how each family occupied an 'area' on the figures, the interplay between the two phenomena was discussed, highlighting that the level of 'control' within the themes appeared to influence the 'area' along the spectrum.

Figure 16 presents a theoretical model to represent the connection of the phenomena through 'control'. The two outer arrows denote the existence of different levels (high to low) of each of the phenomena (governance arrangements and succession process challenges). Both are presented vertically on the model to demonstrate the interplay between the two phenomena. The outermost circles represent each of the phenomena and the themes within each. The labels of high and low, in the 'control' section of the model, demonstrate that differing levels of control exist. Finally, the black bi-directional arrows that connect the phenomena across the centre 'control' section highlight how, if there are high levels of governance arrangements in place, there are also high challenges for the succession process and, moreover that across both phenomena, high levels of control exist. The next section will explore why the relationship between the phenomena that has been discussed is important for the research area.

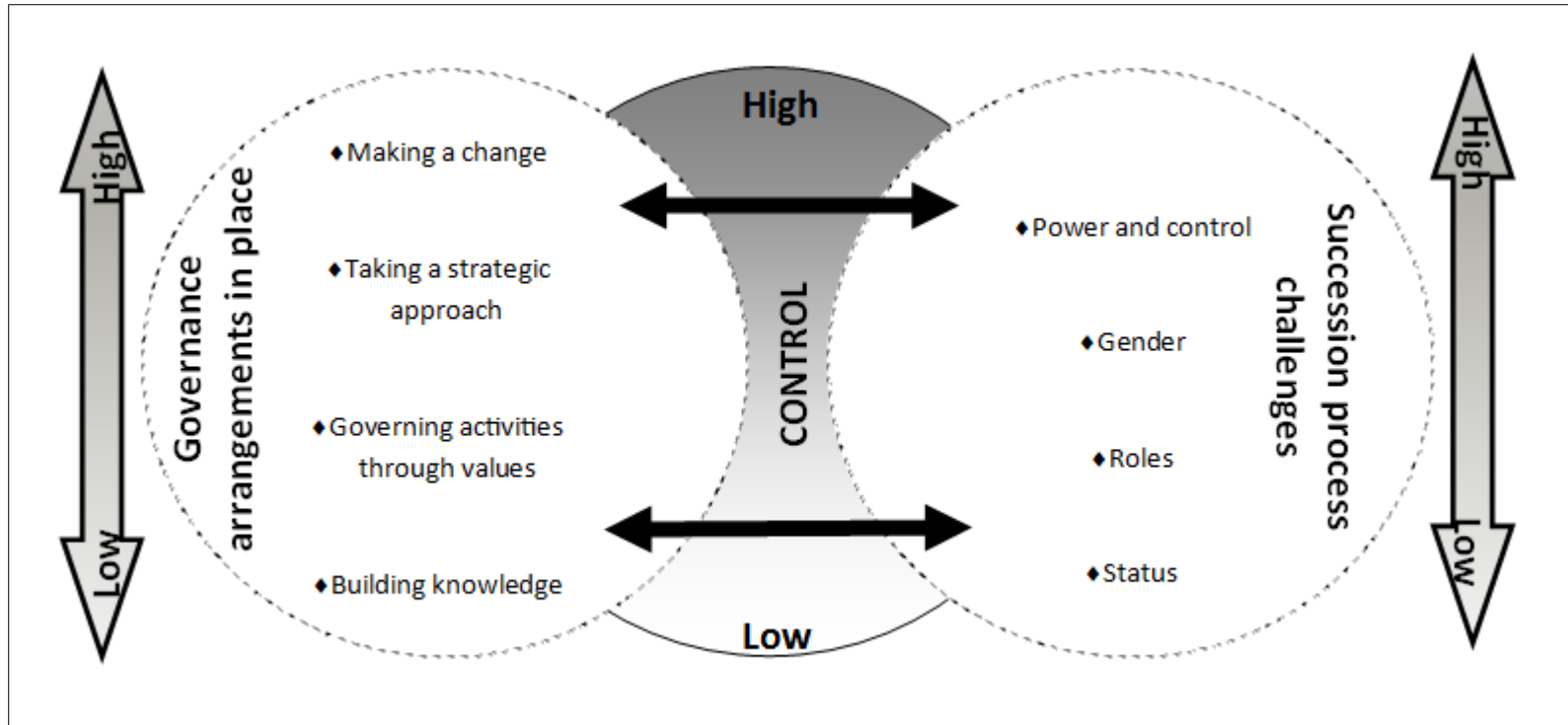


Figure 16 - Theoretical model

6.3.3 Why is the relationship important and credible?

According to Whetten (1989), understanding why the relationships exist is the third stage of developing a theoretical contribution. Whetten (1989, p. 491) describes how “*logic replaces data as the basis for evaluation*” in other words, the proposed theorisation is reasonable if the underlying assumptions are sound and logical. It is for these reasons that this section will use some literature to provide a grounding, which the author will then use as a basis for logical ‘leaps’ to describe why relationships between the phenomena exist in the way that they are proposed. Thus, the ‘leaps’ that the author will suggest are not verifiable in the sense that they can be proven, instead they use the existing data analysis combined with logic and the literature to give the reasoning behind why the relationship is important.

6.3.3.1 Why are moderate levels of governance arrangements and succession process challenges important?

In the previous section, three levels of governance arrangements and succession process challenges (low, moderate and high) were discussed. Using examples from the data, the author suggested that the presence of differing levels of these phenomena had different impacts on the business. To begin this section, the author will argue and explain why ‘moderate’ levels of governance arrangements provide optimal support for overcoming the challenges within the succession process. In order to demonstrate this, the author will first offer reasons why the alternative two levels (high and low) of the respective phenomena suggest sub-optimal outcomes.

To begin, high levels of governance (as observed in FB6) seemed to emerge as a result of high levels of *formal* arrangements such as a board of directors, family council, a non-executive directorship and a succession plan. This highly formalised sense of governance creates, by virtue of its existence and the demands it places upon those involved, a high sense of centralised control. In FB6 the formal arrangement of a family council appeared to enable the next-

generation to have an active ‘voice’ in the succession process, and to hold the incumbent-generation to account over their plans for the future of the business. However, the high level of control demonstrated by the incumbent-generation in FB6 would suggest that the successors were ‘granted’ a ‘voice’ at the bequest of the incumbents. Frustration emerged from the next-generation member because the input that she and her siblings gave to the family council did not appear to be being listened to by the incumbents. This would suggest that because control over the family and the business was focused in one ‘place’ (i.e. with the incumbents), the successor felt that her ‘voice’ was not being heard. One reason for this is perhaps because increased levels of centralised control means that it becomes very difficult for those who are not at the centre to influence change and have their ‘voices’ heard in a way that will have impact (and then they become frustrated).

In contrast to FB6, FB1 demonstrated no formal governance arrangements, although there did appear to be some informal ideas that influenced governance. These informal arrangements included notions of commitment and acting according to the values of the family. In addition, FB1-GEN3(S) discussed how the culture of the business appeared to be an informal mechanism for decision-making and individuals understanding of expectations: *“I suppose culturally that’s just the way it is, and we all know the way it is”*. Combined with this, FB1-GEN3(S) explained that women would not get ownership of the business because *“it is seen as the same as land over in India”*. In other words, family business ownership is seen as being like land in India, men own the land and women do not. This cultural dimension seems like an additional informal governance arrangement (i.e. the business makes decision about ownership by considering culture). So, in FB6 too much centralised control and governance structure appeared to prevent the next-generation from having influence (a ‘voice’) whereas in FB1 we see how informal governance arrangements (based on culture) appeared to promote bias against women and ownership. In FB6 the lack of ability to influence the future of the business led to feelings of

frustration and anger from the successor generation. In FB1 the issue was not raised because, as a result of the research design not being specific about the gender of participants, interviews only took place with males (in this business). However, given the extant literature in this area (see Aronoff, 1998; Barrett, 2010; Cole, 1997; Jimenez, 2009) it is not too big a ‘leap’ to suggest that this could be an underlying area for concern for the women in FB1.

Describing the two levels (i.e. high and low governance arrangements) suggests that somewhere in the middle, there could be an ‘optimal zone’ where having a balance of governance arrangements and control could aid the succession process. This is demonstrated, in the author’s opinion, by FB5. The moderate levels of governance arrangements that emerge in FB5 appear to moderate the challenges of the succession process. The existence of both formal (e.g. the business coach and the board) and the informal (e.g. a combined sense of purpose and direction) arrangements appear to provide an ‘optimal’ balance to help overcome the challenges for the succession process. This idea of a balance between formal and informal arrangements is supported by Mustakallio et al. (2002) who suggest that the closeness of family members within family businesses may allow the firm to build *“informal, self-reinforcing governance mechanisms that complement the formal systems emphasized by agency theorists”*. This quotation suggests that the two ‘systems’ (formal and informal) can work together to have effective outcomes in family business governance arrangements. With this in mind, Figure 17 presents the author’s conceptual refinement of the figure used earlier to describe the interplay between the phenomena. The notion of ‘optimal’ and ‘sub-optimal’ ‘zones’ is represented in Figure 17 with the proposed ‘optimal’ at the centre of the model where moderate levels of the respective phenomena ‘meet’. The movement away from the centre of the model is represented by the gradient colour change (i.e. dark to light grey) towards the outward areas of the model where the ‘sub-optimal’ ‘zones’ are shown.

The discussion thus far, which has led to this conceptual refinement, suggests that there are differences in governance arrangements (and the succession process) when comparing family versus non-family firms. This is perhaps explained by the family relationships that exist between those who are involved in the governance arrangements and the succession process. Control appears to be different (to non-family firms) because of the personal (and often emotional) connection that individuals have with the business.

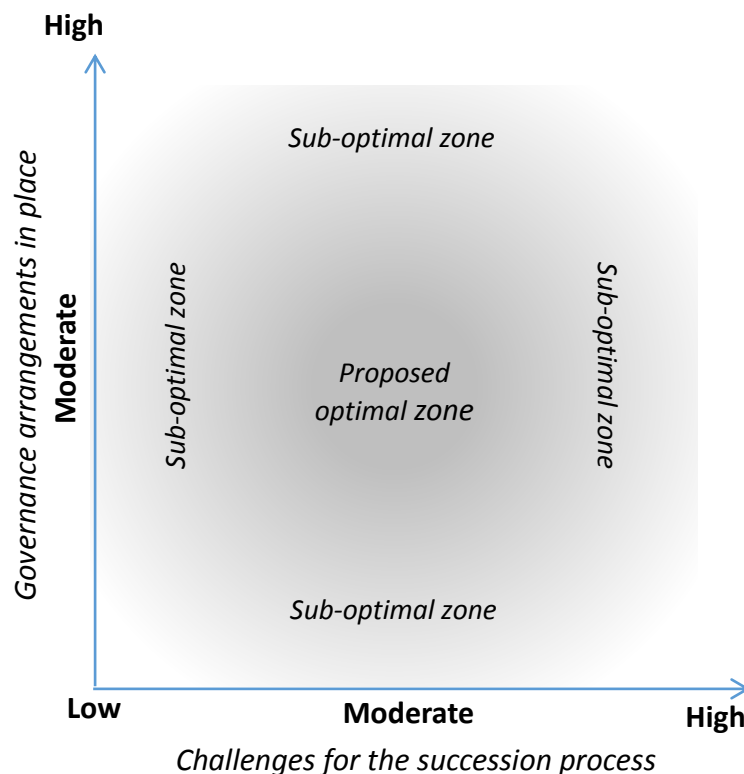


Figure 17 - Conceptual refinement of governance arrangements vs. challenges for the succession process

6.3.3.2 'Informal' governance arrangements and the succession process

Thus far the notions of formal versus informal governance arrangements have been used in describing the different levels of the phenomenon existing in the family businesses. This section will unpack this a little further to try and understand how and why 'informal' governance arrangements within family business relate to the succession process.

In order to begin thinking about this, it is important to recognise that how the succession ‘event’ (the point at which role transition occurs and the period afterwards) takes place in family business is a little different to that of a non-family business. In a non-family business there would ideally be a recruitment process where a recruitment consultant would be engaged and a series of ‘steps’ to appointment undertaken. Upon successful appointment there would perhaps be a transitional period where the two individuals ‘co-exist’ in the business while the new appointee becomes familiar with business practice. There would usually be a fixed point in time where the new appointee would then be in charge and the outgoing individual would either leave the organisation or move to another position. After that point, it would be highly unusual for the outgoing individual to have any input or involvement in the day-to-day life of the new appointee. In family firms, however, the point at which the new appointee takes over the business on his/her own and the outgoing individual leaves the business, is sometimes less clear. Informal governance arrangements (i.e. an unstructured approach to the succession process) may make the transitional period more difficult in family firms, because there is no structured plan for the outgoing individual (the incumbent-generation). Thus, the individuals may find it difficult to ‘let go’ (Gagne et al., 2011; Handler & Kram, 1988) of the business as they have a lack of ‘direction’ and ‘place’ after the succession event. In non-family firms, individuals may feel ‘lost’ after leaving their position, but the lack of family connection means that this does not, generally, impact the business in any way. For these reasons, the succession process should involve a plan for the incumbent-generation in order to mitigate the risk of problems arising between the generations, post-succession.

6.3.3.3 Characterising ‘control’ in family business

Control is one of three dimensions that comprise the Family Fundamental Interpersonal Relationship Orientation (FIRO) model which has been contextualised and empirically examined in relation to family businesses by Danes et al. (2002) and Haberman and Danes

(2007). The remaining two dimensions of the Family FIRO model are inclusion and integration. For clarity moving forward, it is important to note that the dimensions are presented sequentially (in the model) in the following order: inclusion, control, integration. The first dimension, inclusion, explores the interactions between structure, connectedness and shared meaning within the family business. This dimension demonstrates relationship issues that can arise in relation to differing perceptions about who should be included in running and making decisions within the family business. The second dimension, control, is concerned with understanding how interaction between members of a family group is regulated when conflict occurs (Haberman & Danes, 2007). Once again, the dimension is made up of three elements: dominating, reactive and collaborative. The final dimension, integration, can only be achieved, according to Danes et al. (2002) and Haberman and Danes (2007) after issues arising within the previous two dimensions have been adequately resolved. As such the integration dimension contributes to unification of the family and achievement of family business goals (Danes et al., 2002; Haberman & Danes, 2007).

Both Danes et al.'s (2002) quantitative study and Haberman and Danes' (2007) qualitative study, using the Family FIRO model, found support for the development sequence of the model (inclusion, control leading to integration). This supports the idea that inclusion is the *sine qua non* for the successful resolution in the control and integration dimensions (Doherty et al., 1991). Danes et al. (2002) conclude from their quantitative study that: "*mutual involvement in financial decisions of the family business leads to more collaborative modes of handling disagreements about finances and, in this order of influence, create greater levels of sustainability for the family business*" (p. 40). The sequential nature of the three dimensions can be observed in this statement: the inclusion (power structure) issue which concerns who is involved in decision-making (in respect of finances) is best handled through a collaborative mode (power interactions), thus achieving the family business goal (integration) of

sustainability. Thus, *“without effectively addressing the inclusion issues, control dynamics cannot be adequately addressed, thereby precluding the desired effect of integration”* (Danes et al., 2002, p. 34).

In the aforementioned quote, Danes et al. (2002) mention the notions of *“control or power”*. Use of the conjunction *“or”* implies alternatives and accordingly Danes et al. (2002) highlight a distinction between the control dimension (in the Family FIRO model) and power (as per the family sociology literature). Danes et al. (2002) discuss two types of power: power structures and power interactions. The first type, power structures, concerns hierarchy and role patterns and aligns with the inclusion dimension (Halkias & Adendorff, 2016) which considers structure, the connectedness of interactions within the family business and shared meaning. The second type, power interactions, concerns *“negotiation, influence strategies, and conflict management processes”* (Halkias & Adendorff, 2016, p. 43) and aligns with the control dimension, which considers the regulation of interaction between members of a family group when conflict occurs (Haberman & Danes, 2007). Danes et al. (2002, p. 32) describe the Family FIRO model as *“a theoretical model of interpersonal dynamics and change that sets the stage for studying the complexities of family businesses at the interface of the family and business systems”*. The research questions that this thesis sets out to explore involve governance in family firms (i.e. the interaction of family and business systems in relation to governance) and challenges with the succession process, and why they arise (i.e. the interpersonal complexities that arise in the family business in relation to the succession process). Accordingly, the Family FIRO model is a theoretical framework upon which this thesis can build a contribution to knowledge.

The remainder of this section explains how the Family FIRO model is used as an explanatory framework to further refine the theoretical model that was presented on p. 233. Thus far, this chapter has shown how the emergent meta-theme of ‘control’ connects the phenomena of

interest (Research Questions 1 and 2). As such, Section 6.3.2 demonstrated how the existence of low, moderate and high levels of governance arrangements in the family business led to equivalent levels of challenges for the succession process. For instance, low levels of governance arrangements and succession process challenges were matched by low levels of control. In addition, Section 6.3.3.1 showed how moderate levels of governance and succession challenges (and thus control) seem to provide optimum, that is more favourable, circumstances for the succession process to proceed. The dimensions of the Family FIRO model (and the way they are described) provide further theoretical clarity about the relationship between the two phenomena (of governance arrangements and succession challenges) and ‘control’. In order to demonstrate this relationship, it is necessary to show how the dimensions of the Family FIRO model are associated with the theoretical model. The themes that emerged from the data analysis (summarised in Table 16, organised by research question) represent the interactions and how they are regulated within the family businesses. Accordingly, the themes in Table 16 demonstrate the inclusion (power structures) and control (power interaction) dimensions of the Family FIRO model.

Research Question 1 – How does governance ‘work’ in family businesses?	Research Question 2 – What challenges do family businesses face when undertaking the succession process? Why do they arise?
Taking a strategic approach	Power and control
Making a change	Gender
Governing activities through values	Status
Building knowledge	Roles

Table 16 - Research questions and data themes

The issues that are discussed within the data themes are concerned with inclusion and control issues, for example ‘taking a strategic approach’ showed how individuals took a strategic approach to making decisions about who should be involved in running the family business (i.e. structure and roles). ‘Making a change’ involved understanding what changes were required in order to move the business from one generation to the next (i.e. how individuals had a shared

meaning or understanding about what the structure of the business should be in the future).

‘Building knowledge’ involved using external education benchmarks to decide who was ‘in’ and who was ‘out’ of the business. It also explored how successors gaining more knowledge would be better equipped to make strategic decisions in the future. ‘Governing activities through values’ had a focus on shared meaning and connectedness because it showed how having a shared set of values and ethos was a way to govern the family business, thus ensuring connectedness between individuals within the business.

‘Power and control’ is perhaps the most complicated theme (emerging from the data) to discuss in relation to the Family FIRO model. This is because the terms ‘power’ and ‘control’ are used in particular ways in the model; control is the second dimension of the model and power (in its different types of ‘structures’ and ‘interactions’) is used to differentiate the inclusion and control dimensions. Within this thesis, the ‘power and control’ issues that emerged from the data generally concerned individuals exerting power over others in order to obtain (or have) control over decision-making within the family business. However, there were examples of ‘control’ emerging without power, for example, in the case where heightened control over the family business helped manage the quality of work. Therefore, ‘power and control’ as a data theme seem to describe Danes et al.’s (2002) inclusion dimension (rather than ‘control’ dimension) issues. ‘Gender’ demonstrated inclusion issues by showing how individuals made decisions about the structure of the family business (who was ‘in and who was ‘out’) based on the gender of family members. The final two themes, status and roles, are clearly linked to the issues of inclusion because they involved hierarchical structures and how these were linked to decision-making and the roles individuals held within the business. Given the importance of the inclusion dimension within the Family FIRO model (i.e. as the *sine qua non* for the other two dimensions (Doherty et al., 1991)), this section has shown how data themes within this thesis demonstrate inclusion issues within family firms.

The second dimension of the Family FIRO model, control, refers to the regulation of interactions (power interactions) between members of a family group when conflict occurs. The three sub-dimensions of ‘control’ are: dominating, reactive and collaborative, and each is associated with a number of nouns (shown in Table 17). The discussion that follows will show how the sub-dimensions and the associated nouns emerge from data generated within this thesis.

Dominating	Reactive	Collaborative
Confrontation	Resistance	Negotiation
Coercion	Rebellion	Compromise
Manipulation	Submission	Balancing
Dictating	Withdrawal	Give and take
Discipline	Disobedience	Working through

Table 17 - Danes et al. (2002) sub-elements of 'control'

The first sub-element, dominating, describes well the dynamics that exist within FB4. FB4-GEN4(I) discussed the steps he has taken to change the shareholding structure within his family business:

We’re in a situation that the prior generation only own a nominal shareholding. Which is really done purely for personal family reasons, a fraction of 1% they own. So I suppose the first thing as regards to my generation, is that...my sister who never worked in the business, she was bought out by me some 15 years ago, as indeed were cousins who were in the business, bought out by me some 30 years ago. Which just leaves the one sister that’s working in the business. And...she has no family, so there seems little point in her having shares in the business to take to the grave, there seems little point. She might as well have value for them. So we’ve actually crossed that hurdle and she is now only a tiny tiny shareholder.

This quotation could be interpreted as manipulation and dictating. This is supported by what FB4-GEN4(I) went on to say: *“I suppose I have to be honest and say to some extent I deal with the shareholding a bit like a despot would, which is probably not fair, but it is the way it is”*.

This suggests there may be motives other than those of altruism for buying up family shares. Use of the term “*despot*” is suggestive of domineering, dictating behaviour. His use of the phrase “*crossed that hurdle*” is interesting because it implies that problems arose during the process, before the ultimate objective of buying the shares could be achieved. The kind of behaviour displayed here by FB4-GEN4(I) seems to suggest a tendency to manipulate family members (in terms of purchasing shares) in order to exert his control over the family business. This appears to be confirmed when he describes how his father is still Chairman of the board of directors, but in fact FB4-GEN4(I) controls what happens in all of the meetings:

...to all intents and purposes I am chair [of the board]. But the actual chairman of the company is still my father. We classify the management meeting and the board [together], which he doesn't attend and I chair the management meetings.

The data that have been highlighted in relation to FB4-GEN4(I) have demonstrated some of the nouns that Danes et al. (2002) use under the ‘dominating’ sub-element of the Family FIRO model. However, it is important to take this analysis further to highlight why this kind of approach may have sub-optimal outcomes for the family business. FB4-GEN4(I) went on to explain how he feels towards his sister after buying out her shares:

I do have a bit of a problem with my sister at the moment. I thought things would be better after she sold [her shares], she got the money, she didn't feel like she had the time [to be in the business]. But it's almost now as though there is resentment to others, which I find, something I hadn't anticipated. It's something which is quite difficult.

This quotation seems to suggest that FB4-GEN4(I) had not expected this kind of reaction from his sister, rather he perhaps expected her to have little to do with the business after she sold her shares. Instead she appears to be resenting others in the business. Other data discussed in

Chapter 5 shows this resentment is aimed at her nephew, FB4-GEN5(S) (see p. 148). FB4-GEN4(I) went on to explain how his sister appears to feel in relation to new staff being hired:

It became quite difficult and when we tried to employ in the department in which she really oversees, we tried to employ higher calibre staff, it's almost as though she doesn't want them because she views them as a threat. It is really quite a difficulty, whereas the rest of us are trying to get on.

It is interesting to note the way that FB4-GEN3(I) describes the staff that have been hired as "*higher calibre*" the addition of 'er' at the end of the adjective 'high[er]' implies that the staff are of better quality than was previously there, i.e. his sister. His suggestion that these "*higher calibre*" staff are the cause of her feeling threatened may be misplaced. She may in fact be feeling insecure, as a result of his implication that she is not as high a calibre as the new staff coming into the business. The main thing to consider for this discussion is the fact that FB4-GEN4(I) sets out on a dominating path to take control of the family business. Subsequently, this has led to one of the individuals he dominated (his sister) displaying feelings of resentment and insecurity. The feelings that now exist between the siblings and aunt and nephew are unlikely to foster harmonious relationships in the family. Thus, when reflecting on the earlier presented theoretical model, the high degree of control that FB4-GEN4(I) appears to assert (as evidenced through the 'dominating' nouns) regarding governance arrangements (e.g. purchase of family shares and roles on the board) could lead to sub-optimal circumstances for the succession process.

The second sub-element of control in Danes et al.'s (2002) model is 'reactive'. FB2-GEN3(I) discussed several examples of the nouns that underpin the 'reactive' sub-element. In the several discussions regarding the difficult relationship that FB2-GEN3(I) had with his father, he appears to react, switching from 'rebellion', 'disobedience' and 'resistance' to 'submission'. FB2-

GEN3(I) described what happened when he approached his father about the future of the business:

I had a discussion about, show me what the future is for me you know, where am I, when am I going to take over the business? And he [father] said...as long as I am alive son you'll never own this business...and I said, well fuck you, I'm off.

It is evident in the quotation that FB2-GEN3(I) was attempting to take control of the succession process by approaching his father to understand how he would take over the business. Similarly, FB2-GEN3(I)'s father exerts a 'dominating' form of control over his son by stating: "*as long as I am alive son you'll never own this business*". In the context of this discussion regarding reaction, it is interesting to note the rebellious reaction that FB2-GEN3(I) has, in saying: "*well fuck you, I'm off*". Use of the expletive and the statement "*I'm off*" are suggestive of FB2-GEN3(I)'s dissatisfaction with the response, and his decision to manage the conflict by leaving the family business. Evidence of FB2-GEN3(I)'s switching to other types of reactive behaviour were apparent when he described what happened some years later, after he had left the business:

He [FB2-GEN3(I)'s Father] rang me up one day randomly and he said just take the business over, I am tired now, I have had enough...I said, ah Dad, yeah come on, I'll sort it out, let's do a deal. And I did him a really good deal on the thing...so I parted with a load of money and then kept on parting with a load of money, and he was happy until the fifth year when we made a loss because we had a big deal what went wrong, we fell out again and I gave him more money and he still didn't go away.

FB2-GEN3(I) reacted immediately to his father's telephone call by taking pity on his situation,

which is implied by use of the interjection “*ah*”¹⁵ which precedes him saying: “*I’ll sort it out, let’s do a deal*”. Although initially FB2-GEN3(I) appears to be in control because he has come back to “*sort it out*”, we see how the father actually re-gains control by making his son part “*with a load of money*” several times. In many ways this demonstrates FB2-GEN3(I) submitting to his father’s demands. This is supported by a further quotation which describes what happened several years later:

About two years ago he was diagnosed with asbestosis...so we decided to get back together...we took him to Dublin for the weekend...I thought sod it life is too short, you know just call it a day, I’ll give him another £100,000 and that will be it, I’ve already parted with £600,000 – 700,000, but nah I thought I’ll give him another 100 and that will be all right.... Then the Monday we got back he called me up and said, is that all I’m worth is it? I thought fucking hell!

Once again, this quotation is evidence of the repeated pattern of behaviour between father and son, where both are fighting for control, and the son reacts to situations by submitting to his father e.g. giving him more money for the business. The data that have been discussed thus far, in relation to FB2, have demonstrated how some of the nouns that Danes et al. (2002) use under the sub-element of ‘reactive’ apply. However, FB2-GEN3(I)’s father’s behaviour can also be explained by some of the ‘dominating’ noun descriptions. The data have shown how the father almost manipulates his son into submission regarding the purchase of the business. Thus, it seems possible for the sub-elements of ‘dominating’ and ‘reactive’ to interlink. The main discussion regarding the ‘reactive’ sub-element has shown how the control and subsequent reactive response by FB2-GEN3(I) has caused challenges for this family. These challenges

¹⁵ The intonation of the interjection appeared to be conciliatory rather than duplicitous, hence the author’s interpretation of FB2-GEN3(I) displaying an emotion of pity.

appear to have created sub-optimal circumstances for the succession process.

The final sub-element of the control dimension within Danes et al.'s (2002) model is 'collaborative'. The following discussion will demonstrate how several of the nouns that characterise 'collaborative' feature in the way that FB5 operates. FB5-GEN2(I) explained how the external business coach was hired:

...we had a business coach called Emma, so Emma sat down with us and sort of said right, if [son] is going to take over and that's what's agreed, how is this actually going to happen?

The important thing to note from this extract is the use of the pronoun 'us' to describe how the decisions were made with the coach. The extract would suggest that all the family members met, together with the business coach, to decide how FB5-GEN3(S) was going to take over the business. This would align with a 'collaborative' approach to making decisions about change in the family business, through characteristics such as 'negotiation' and 'compromise'. Further to this, FB5-GEN2(I) described the succession process challenges they are facing:

...the problem is that because I have started to come back into the office more, is that fact that I am undermining people because people are coming to me rather than their managers...at the moment we are in the process of [determining] what exactly is [it I am] doing, which is a bit difficult.

In addition, her son, FB5-GEN3(S) said:

My mum is still involved with some elements of the business that she herself probably realises she shouldn't be and from my perspective it would make sense for her to start to move away.

From these two extracts, it is clear that some challenges for the succession process exist in FB5, because GEN2(I) is trying to understand the role that she plays in the business, post-succession. However, use of the noun ‘process’ by FB5-GEN2(I) is suggestive of ‘working through’ the issue and a degree of ‘give and take’ until the issue is resolved. This also appears to be supported by the subtle language that FB5-GEN3(S) uses to describe the situation (e.g. use of the adverb ‘probably’ and the determiner ‘some’).

The previous discussions regarding the two other sub-elements, ‘dominating’ and ‘reactive’, seem to suggest sub-optimal circumstances for the succession process. This appears to be supported by Haberman and Danes’ (2007) qualitative study. However, additionally, the characteristics that describe ‘moderate’ levels of control also appear to support the notion of a ‘collaborative’ approach to control according to Danes et al. (2002) and Haberman and Danes (2007). Thus, a further way to theorise the relationship between governance arrangements and the succession process is to consider that, where ‘moderate’ levels of control appear, so too do ‘collaborative’ relationships with family members. This suggests that ‘moderate’ control and ‘collaborative’ relationships provide ‘optimal’ (most favourable) ‘conditions’ for the succession process to take place.

Since the theoretical model was presented on p. 233, further attempts have been made to theorise and ‘make sense’ of the data in relation to the phenomena of interest (governance and succession process) and the Family FIRO model (Danes et al., 2002). Thus, it would seem sensible to present a refined version of the theoretical model in order to reflect the developments that have occurred. Accordingly, Figure 18 shows the refined theoretical model that summarises the theoretical contribution that this thesis claims to make to knowledge. The centre of the model has been adapted to include an area which represents the proposed ‘optimal zone’ for the phenomena (as depicted on p. 237), this being moderate levels of governance arrangements,

control and challenges to the succession process (see Section 6.3.3.3). In addition, two labels of ‘collaborative’ have been added to either side of the new ‘proposed optimal zone’ area, linking to the collaborative approach to control as discussed by Danes et al. (2002) and Haberman and Danes (2007). The solid lines and oval, that ‘expand’ the central oval, include nouns that Danes et al. (2002) and Haberman and Danes (2007) use to describe collaborative ways to overcome the inclusion challenges that arise. The next section will discuss the final stage of justifying a theoretical contribution by exploring how the aforementioned theorising can be considered credible.

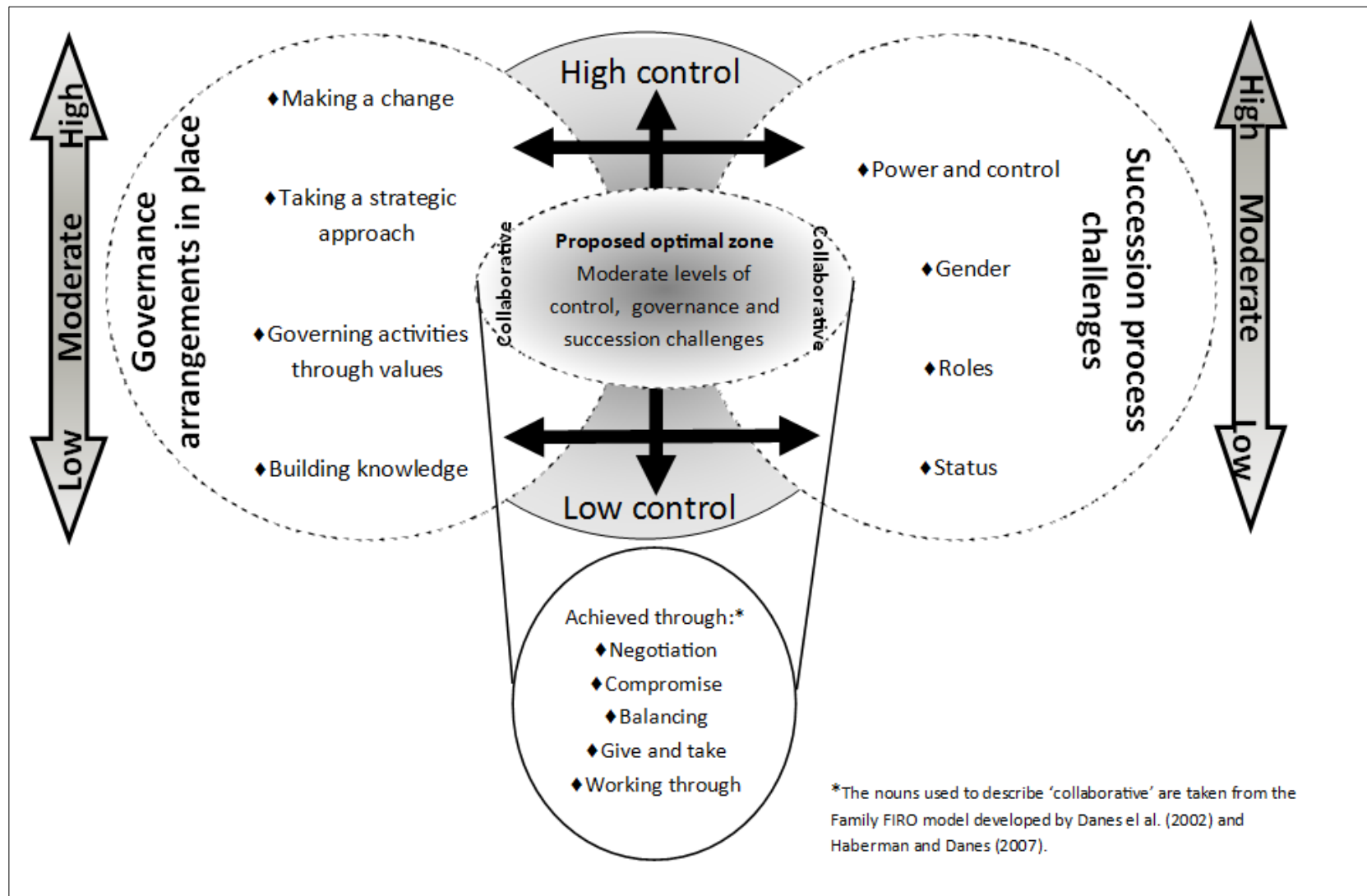


Figure 18 - Refined theoretical model

6.3.4 Conditions under which the theory can be considered credible

In line with Whetten's (1989) final stage, this section explores the credibility of the theoretical contribution that has been proposed. It is important to note from the outset that Whetten (1989, p. 492) says that it is "*unfair to expect that theorists should be sensitive to all possible boundary constraints*". In other words, he does not expect theories to be generalisable, only that authors have "*a particular responsibility for discussing limits of generalisability*" (Whetten, 1989, p. 492). With this in mind, the theory that has been proposed in this thesis is not generalisable. In line with my philosophical beliefs I recognise that meaning is socially constructed and thus each individual has a unique interpretation of the world. The theory that has been generated regarding the relationship between governance arrangements and the succession process is unique to the context in which it is set. The context, in this case, could be a range of factors that impacted the outcome such as location (i.e. UK centric), culture (i.e. some businesses were operated by families from a mix of cultural backgrounds) and religious beliefs. Thus, if the research were to be conducted in different locations or have participants with different cultural backgrounds then the theory may not hold true. Whetten (1989, p. 492) discusses how theorists must consider "*time dependent variables*" to think about how theory might change depending upon time. Indeed, the theory that has been presented within this thesis is derived from family businesses that are no older than four generations, thus it could be that the theory would not hold true for family businesses that are older. That being said, a number of methodological steps were taken to ensure that, in the context of this thesis, the theoretical outcomes are sound and credible. The robustness of the methodology that underpins the research is discussed in Chapter 3, and details the steps taken in order to support the conditions for credibility.

6.4 The theoretical contribution of this thesis

This thesis makes a theoretical contribution to knowledge by explaining how governance arrangements relate to succession process challenges. Control connects the two concepts, showing how high, moderate and low levels of control are connected with both governance

arrangements and succession challenges. In so doing, this thesis shows that ‘moderate’ levels of control over governance arrangements generate ‘optimal’ circumstances for the succession process in family businesses. In order to achieve ‘optimal’ circumstances the theoretical model draws on Danes et al.’s (2002) Family FIRO model to show how a ‘collaborative’ approach can aid regulation of the challenges that arise with governance and the succession process. The analysis of the emergent sub-themes, themes and meta-themes has enabled the creation of a theoretical model that was presented earlier in this chapter (Figure 18).

6.5 Summary

This chapter used the findings discussed in Chapters 4 and 5 to explain the theoretical contribution of this thesis. It started by giving an overview of the four-stage framework that was used to describe how the theoretical contribution was constructed within this chapter. Secondly, it guided the reader through each of the stages drawing upon examples from the data and the literature. The first stage described the key themes that were to be considered, the second explained how the themes were related to one another and concluded with the theoretical contribution model. The third stage drew upon the literature and the author’s logic to describe why the relationship was important for the research area. The final stage explored the conditions under which the theory could be considered credible. The chapter concluded with a succinct summary and a simplified presentation of the theoretical contribution of this thesis. The next chapter (Chapter 7) will provide a conclusion to this thesis. As such, it will review the research questions and how the thesis has addressed each of them. In addition, it will provide some directions for future research.

Chapter 7: Conclusion and reflections

7.1 Introduction

This chapter begins by reviewing the rationale for the research project and the research questions that this thesis set out to answer. The first section in this chapter reviews the scope and methods that were employed in order to conduct the data collection and analysis. Finally, this section re-presents an overview of how each of the research questions has been answered and of the theoretical contribution to knowledge this thesis claims to make. Next, the chapter discusses how the theoretical contribution in this thesis could be developed into three possible future research directions. In addition, this section highlights some wider unique and interesting themes emerging from the data that could provide interesting future research directions. Finally, this chapter concludes with a summary.

7.2 Review of the research

The poem at the beginning of this thesis described how Betjeman's unwillingness to take over the family business had resulted in a challenged relationship between him and his father. The initial inspiration to carry out research into family firms arose from the author's experience (while working for a family business) of overhearing a conversation/argument that arose between two family members from different generations regarding an employee's right to maternity pay. Through exploration of the literature the specific focus of the research was developed, which was subsequently refined through the emergent themes that arose through the analysis. Accordingly, the purpose of this thesis was to understand how governance arrangements within family businesses relate to the succession process. The three research questions that underpin the structure of this thesis are stated in Table 18.

Research questions
1. How does governance 'work' in family businesses?
2. What challenges do family businesses face when undertaking the succession process? Why do they arise?
3. How do governance arrangements within family businesses relate to the succession process?

Table 18 - Research questions

Data were collected by conducting semi-structured, in-depth interviews with multiple generations of family businesses. The final sample, which was generated through a mixture of snowball and convenience sampling, included 16 individual, face-to-face interviews with members of seven family businesses located in the UK. In each of the seven businesses, two generations were interviewed and in the case of two businesses, three participants were interviewed. To retain focus on ‘the family’ within the thesis, the author decided to only include family businesses that were 100% family owned and to interview only family members. If the sample had been expanded to non-family members, this might have led to emergent issues that would have made the scope of the research unmanageable. During the interviews a standard set of questions was used to gain insights from participants. However, the semi-structured nature of the questions allowed the participants to elaborate and expand, while also allowing the author freedom to explore interesting and emergent issues. The data were analysed using a thematic analysis which helped to formulate the themes from the corpus of raw data. The thematic analysis is presented in Chapters 4 and 5. Table 19 demonstrates how the chapters in the thesis answer the research questions.

Research question (RQ)	Chapter
RQ 1 - How does governance ‘work’ in family businesses?	Chapter 4 - How does governance ‘work’?
RQ 2 - What challenges do family businesses face when undertaking the succession process? Why do they arise?	Chapter 5 - Challenges surrounding the succession process in family businesses.
RQ 3 - How do governance arrangements within family businesses relate to the succession process?	Chapter 6 - Theoretical contribution: understanding how governance arrangements relate to the succession process

Table 19 - Research questions mapped to chapters

7.3 A review of the research questions

This section is split into three sub-sections to demonstrate how the data that have been collected and analysed have contributed to each of the research questions that this thesis set out to answer.

7.3.1 Research Question 1: How does governance ‘work’ in family businesses?

Research Question 1 was predominantly explored in Chapter 4, where four major themes emerged. They were: taking a strategic approach, making a change, building knowledge, and governing activities through values. The first, ‘taking a strategic approach’, was split into two sub-themes (legal and policy and finance and ownership). These sub-themes demonstrated how individuals within family businesses considered governance to be about making decisions while being mindful of the law. Individuals discussed how governance was about “*law specific to operations*” and the importance of the business “*abiding by the law*”. In addition, participants discussed how policies such as constitutions and family charters were important in order to protect and secure the future of the business. The finance and ownership sub-theme described how participants explained how ownership decisions were made by considering financial issues, such as tax efficient share distribution. Additionally, this sub-theme demonstrated how governance is considered in relation to a change of ownership i.e. who will run the business in future. The theme contributes to Research Question 1 by offering a perspective on how individuals within family firms interpret and enact certain governance practices.

The second theme showed how participants discussed governance as being about ‘making a change’ within the business. The author discussed the notion of ‘movement’ because this appeared to be a common way to describe the change. For example, some participants suggested that governance was about controlling how the business moved from one ‘place’ to another. Also they discussed how governance was about ‘movement’ of the business from one generation to the next. This is one of the first examples in the data where a description of governance arrangements appears to merge into the ‘territory’ of succession processes. Within this theme, the notion of control reappeared. One participant described how change should occur under “*measured circumstances*” indicating that a certain level of control was required. Once again, this theme demonstrates an alternative perspective when considering the answer to Research

Question 1. It shows that some individuals in family businesses understand governance working within the business to be about ‘making a change’.

The third theme that was discussed in Chapter 4 was entitled ‘building knowledge’. Within this theme individuals discussed how governance within their family business was about building knowledge and educating both employees and other family members (mainly successors). The first group, employees, is another example of where the discussion of governance overlapped with the succession process, because participants highlighted the importance of educating staff in order to ensure the future success of the business. One individual suggested that education of staff was an enabler for management to “*separate the wheat from the chaff*”. This example would suggest that governance is about ensuring that the quality of staff (in terms of education level) is increased, thus creating stability for the business moving forward. Once again, this demonstrates how education (in this case) is being used to control the operation of the family business both now and in the future. The level of education in relation to family members was also discussed, in particular the knowledge of successors. Several participants highlighted how the learning that took place between family members (i.e. successors learning from incumbents) was important in order to protect the future of the business. The knowledge that was transferred or passed on was not always achieved in a formal way, sometimes it took place informally over a long period of time, as successors were given the opportunity to experience and gradually understand the operation of the family business. Once again, this is an example of how governance (interpreted as being about knowledge building) relates to the succession process i.e. building knowledge in the business now in order to protect the future.

The final theme that emerged to help understand how governance worked in family businesses was ‘governing activities through values’. The data in this theme suggested that individuals in family firms used personal and family values and ethos to describe governance of the business.

Participants suggested that values influence decisions and behaviour. For example, one participant said: *“we have the values and the vision which we have for the business, which also dictate the way we behave”* and another said: *“[Corporate governance] is the ethics and rules by which you run your business”*. These and other examples demonstrate how values, ethics and ethos seem to have influence (or control) over behaviour of individuals within the firm.

Research Question 1 set out to explore how governance worked in family businesses. The preceding overview of the emergent themes that were discussed in Chapter 4 describe various interpretations of how governance is defined by individuals that own and run family firms. Chapter 4, and the brief overview just presented, illustrated the crossover in terminology and description between governance and the succession process. This is an important point on which to focus because, in addition to the insights that the data provided in relation to the research questions, it reveals how individuals in family firms discuss the succession processes in relation to governance. Steier and Miller (2010) looked at governance processes over a long period of time (both pre- and post-succession) in order to better understand succession. The implication in this paper is that the governance processes that both precede and succeed a succession event, influence governance in family firms.

Interestingly, this paper uses the term ‘succession’ in relation to a period of time rather than a point in time. This would seem to align with the codes of governance which exist for both listed (FRC, 2014) and non-listed (IoD, 2010) firms, in the sense that succession processes are a part of broader governance issues (such as independence, board composition and board committees etc.). However, the data that were collected and analysed in this thesis (Chapter 4) seem to show that individuals also use, or interpret, governance to lead into discussions about the succession process. This further highlights possible misinterpretations of meaning that family business consultants, family business members and scholars face with language use surrounding these

issues. Moreover, it supports the author's decision, made from the outset, to adopt the term 'succession process' to describe and encompass succession, succession planning and the succession event. The term 'process' was used to describe a range of activities including (but not limited to) discussions regarding a family's approach to handling succession, through to post-succession challenges (i.e. when the new family member has succeeded the previous one), and beyond (i.e. the challenges that can exist, after time has passed, between the new incumbent (previously the successor) and the previous incumbent. These distinctions are quite important for researchers moving forward, because, if subjects of research are interpreting language to mean one thing and researchers are interpreting that language and meaning differently, the results and insights that are presented could lead to inaccuracies in future scholarly work.

The governance codes that are currently designed for non-listed firms (e.g. IoD, 2010 and ecoDa, 2010) explain that governance is important and provide suggestions on how companies could improve their governance. In addition, there is academic work that attempts to explain governance theories in the context of family firms (e.g. agency theory, Schulze et al., 2002 and stewardship theory, Craig et al., 2008; Dibrell, 2010). However, neither the professional or academic literature explores how governance already 'works' or exists within family firms. Research Question 1 responds to concerns that work that understands governance (and its problems) is underdeveloped (Lubatkin et al., 2005; Steier et al., 2004). The findings that have emerged as a result of Research Question 1 expand knowledge of the ways that individuals interpret, understand and implement governance mechanisms in family firms. This is useful because future researchers could use the findings to consider the advice which may be given to family firms regarding the design of governance structures.

The data that were discussed in Chapter 4 also contributed to the overall theoretical contribution that was presented in Chapter 6 (an overview of Chapter 6 will be presented in Section 7.3.3).

The overarching meta-theme of ‘control’ that emerged from the data became the focus of the theoretical contribution.

7.3.2 Research Question 2: What challenges do family businesses face when undertaking the succession process? Why do they arise?

Research Question 2 was explored in Chapter 5. Four major themes emerged: power and control, gender, status, and roles. These themes were made up of ten sub-themes which can be seen in an overview diagram in Appendix D. The first theme ‘power and control’ demonstrated how threats to power and loss of control were identified as challenges for individuals when undertaking the succession process in family firms. One of the main sub-themes of ‘power and control’ was ‘letting go’. Both successors and incumbents described challenges during the succession process with ‘letting go’ of the family business. Some incumbents discussed how they felt reluctant to ‘let go’ of the business because the successors were not ready to take over, or because they were unsuitable for the position. Successors described the frustrations that they experienced with older generations not wanting to give up their positions or control of the family business. In addition, there was an interesting example used by one incumbent, in which he likened himself to the biblical figure of Moses to describe the control he had over the business and its staff. Other sub-themes within ‘power and control’ explored how the varying attitudes towards ownership of the business can pose challenges for the succession process. Additionally, the data suggested that different levels of business growth influence the amount of control that individuals have over the business. Participants discussed the importance of finding a balance between growth and control throughout the succession process in order to ensure ongoing stability of the business. On several occasions in the data, participants discussed how growth of the business (geographically) can create specific challenges around control, and how this impacts on the quality of service that the business is able to provide to its customers. The final sub-theme within ‘power and control’ was entitled ‘a tug of war’. This sub-theme explored

how family members felt their control over the business was diminished when successors (both family and non-family) enter the family firm.

Challenges relating to gender emerged as one of the four main themes within Chapter 5, and this theme was split into two main issues. The first highlighted how a gender divide appeared to emerge around the roles that men and women occupied within the family business. The data provided examples of men fulfilling the role as ‘decision-maker’ and of decisions about ownership of the family business being based purely on gender grounds. The roles of decision-maker and owner are inherently ones which enable the bearer to have control over the business. This is evidence of the overarching meta-theme of control emerging once more. The second issue that emerged concerned an example where a woman was discriminated against initially for not having children and then, once she had children, she was also criticised for not being ‘fully committed’ to the family business. Both of these examples demonstrate potential challenges for the succession process because of relationship issues that could arise (i.e. between siblings or parents and children).

The third main theme in Chapter 5 was ‘status’, which was split into three sub-themes: respect and loyalty, hierarchy, and age and experience. The theme demonstrated how the status that individuals have within the family business can lead to challenges for the succession process. The data suggested that incumbents could be reluctant to engage in the succession process when they felt it would lead to a loss of respect and recognition within the business. This suggested that physical distance from the business (i.e. when the incumbent moves away from the day-to-day operations) created feelings of losing control. A reluctance to engage with the succession process could create challenges because the potential successors might be unprepared for the time when they were required to take over the running of the business. One incumbent described himself as “*all-seeing, all-knowing*” and discussed how the lack of experience of the younger

generation meant that they would struggle to run the business with the same level of effectiveness as he had done. This idea of an ‘all-seeing, all knowing’ individual (which evokes ideas of a God-like figure) is consistent with previous data on biblical imagery (Moses and the Israelites). This notion highlighted challenges for the succession process because the expectation being placed on the next-generation was unreasonable and unachievable. Subsequently, the data collected from the next-generation member from this family indicated frustration around the succession process because of this unreasonable expectation and a lack of trust. Hierarchies that existed within family businesses also emerged as an important consideration when understanding challenges with the succession process. A discussion regarding the enmeshed systems of ‘family’ and ‘business’ followed after the data highlighted an example where having the most senior title within the business did not give the title holder the right to make all business decisions, because there was family hierarchy to consider as well. The example showed how an individual who held the title of CEO was not able to make major business decisions without consulting the oldest member of the family (his Grandmother, as his Grandfather was deceased). This was recognised as a challenge for the succession process for two reasons. The first is that if and when designing a succession plan (i.e. prior to the succession event) it is important to consider the ‘chain of command’ or hierarchy in a family business and how that is likely to differ from a non-family business. Secondly, unless the next-generation are aware of these dynamics then conflict could emerge between generations within the business. Further examples of hierarchy that emerged from the data included a discussion of ‘conservative succession’ (Miller et al., 2003) where the successor continued to ‘live in the founder’s shadow’ (Davis & Harveston, 1999). This means that the hierarchy which existed pre-succession (i.e. incumbent as leader and successor as subordinate) continues to exist post-succession. This could create challenges for the succession process because the successor may not be able to make

independent business decisions which may lead to frustration and conflict amongst family members.

The final theme to emerge in Chapter 5, of 'roles', was broken down into three sub-themes: position and place, outsiders, and conflation of 'the board' and 'the management team'. The three sub-themes demonstrated various challenges for the succession process. The first highlighted the importance of having successors in the right position or role, to ensure clarity about who was responsible for certain decisions within the business. Data suggested that this clarity was important for understanding what the business would 'look' like to enable successors to feel empowered about making decisions during the succession process. Some data highlighted how incumbents made specific decisions around the placement of successors in the business to ease the transition for them to become the next leader. The second sub-theme, outsiders, demonstrated the advantages of having outside advisors to encourage the commencement of the succession process. Further to this, data highlighted how the appointment of outsiders (i.e. non-family members) to senior positions in the family business can create challenges for the succession process. The final sub-theme explored how some individuals appeared to conflate the roles of 'the board' and 'the management team'. The challenges that emerged highlight how conflation of the two groups could lead to confusion around decision-making. In addition, the data highlighted that when the two groups are combined there is no 'natural' path of succession for outgoing incumbents, thus the succession process needs to find ways to overcome this challenge.

The literature suggests that the succession process remains the most difficult time for family firms (Cabrera-Suarez et al., 2001; Dunn, 1999; Handler, 1994; Lansberg, 1988; Morris et al., 1997; Yan & Sorenson, 2006). In addition, professional codes of governance continue to cite succession as a priority for non-listed firms (ecoDa, 2010; IoD, 2010). The findings that emerge

from Research Question 2 contribute to the extant literature by offering further insights into the challenges that family firms face during the succession process. These previously unexplored insights could be useful to family business advisors when offering client advice to control for sub-optimal succession conditions. Similarly, future researchers may build upon these unexplored areas to develop further knowledge. The findings from Research Question 2 also confirm some of the challenges for the succession process that have already been discussed in the literature. For example, Levinson's (1971) work which uncovered the notion of the business being likened to 'a baby'. Gagne et al. (2011) and Handler and Kram's (1988) work which discussed how the biggest challenge for founders and incumbents was 'letting go' of the family business. Another area where the data in this thesis has confirmed extant literature is the role of women in the family business, and the varying degrees of invisibility they experience. (Curimbaba, 2002; Dumas, 1998; Dumas et al., 1995; Gillis-Donovan & Moynihan-Bradt, 1990; Hollander & Bukowitz, 1990; Salganicoff, 1990a, 1990b).

This section has given an overview of the themes in Chapter 5 and how they contribute towards answering Research Question 2. Similar to the previous section, the meta-theme of 'control' emerged from the data. The next section will explore Research Question 3 and the theoretical contribution of this thesis. In so doing, the next section will include a summary of how the meta-theme of 'control' was theorised.

7.3.3 Research Question 3: How do governance arrangements within family businesses relate to the succession process?

Chapter 6 brought together the emergent concepts from Research Questions 1 and 2 (in Chapters 4 and 5) to answer Research Question 3, which was the foundation upon which the theoretical contribution was made. The theoretical model was built using Whetten's (1989) four-question framework. As a reminder, this thesis makes a theoretical contribution to knowledge by explaining how governance arrangements relate to succession process challenges. Control

connects the two concepts, for instance, low levels of governance arrangements and succession process challenges were matched by low levels of control. This thesis proposes, through data illustrations, that ‘moderate’ levels of control over governance arrangements generate ‘optimal’ circumstances for the succession process in family businesses. In order to explain how the proposed ‘optimal’ circumstances might be achieved the theoretical model draws on Danes et al.’s (2002) Family FIRO model to show how a ‘collaborative’ approach can moderate the challenges that arise in relation to governance and the succession process. The proposed theoretical model is presented in Figure 19.

This model and the contribution to knowledge that it represents could aid both academics and practitioners with their future work. The contribution to knowledge offers a fresh perspective on the ways that governance ‘works’ in family firms related to the succession process. The work in this thesis contributes to the on-going discussion in the literature regarding the link between governance and the succession process. Bennedsen, Pérez-González, and Wolfenzon (2010, p. 382) recognise that the governance and succession are linked when they state that “*succession [is a] crucial governance event*”. More recently, Luan, Chen, Huang, and Wang (2017) explored how governance structures within the family business can influence decisions regarding the succession process. When reflecting on their findings, Steier and Miller (2010) discuss how succession and governance are linked through social institutions (such as the family). Kets de Vries (1993) suggests issues arising during succession in family firms cause conflict, the theoretical model in this thesis suggests ways to overcome such challenges. It does so by considering how the interpersonal nature of the issues between individuals in family firms can lead to challenges. Furthermore, it proposes and illustrates how ‘collaborative’ ways of ‘controlling’ interpersonal interactions provide optimal circumstances for facing and overcoming said challenges. This knowledge could be useful for family business consultants and practitioners when advising families about ways to approach the succession process, and to

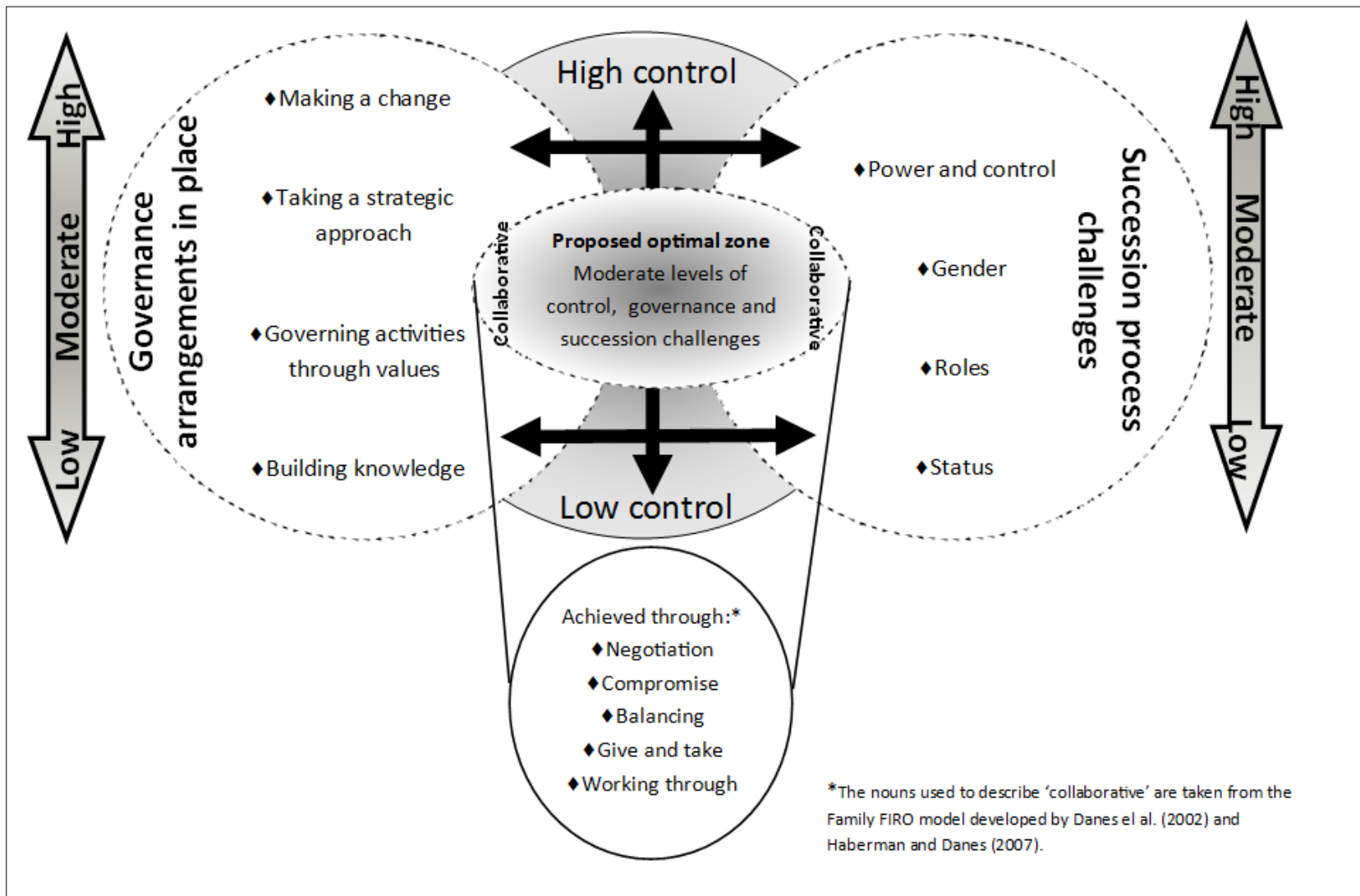


Figure 19 - Theoretical model

overcome particular challenges they are facing. The next section will explore how future work could be developed following the findings and contributions of this thesis.

7.4 Directions for future research

As outlined in Chapter 6 and towards the end of the previous section (Section 7.3), this thesis makes a contribution to knowledge regarding how governance arrangements in family businesses relate to the succession process. As such, this section will begin by outlining how the author believes future research could build upon the findings and theoretical contribution outlined in this thesis. This will be followed by the author outlining some unique and interesting themes that emerged from the data and giving consideration to how these could also be formulated into future research.

The findings, and subsequently the theoretical model, suggest that moderate levels of governance arrangements in family business provide optimal support for overcoming challenges associated with the succession process. Future research could begin to test this theory empirically. Moderate governance arrangements, as presented in this thesis, are ‘categorised’ as such relative to the seven family businesses that took part in the study. Thus, to develop this theory, it would seem sensible to begin by engaging with the family business advisor community to explain the findings and collect data on what they, as experts, think moderate governance arrangements ‘look’ like. Such findings, in conjunction with those in this thesis, could then be taken into the field and tested within family businesses. This could involve working with some family business advisors to implement moderate governance arrangements and understand how this influences the succession process. This kind of study would provide some further empirics in order to begin testing the theory regarding moderate governance arrangements providing optimum support for the succession process.

The second area of future research from the theoretical contribution focuses on the nature of relationships between individuals within family firms. The author discussed Danes et al.'s (2002) Family FIRO typology in the context of 'moderate' control and thus optimal circumstances for governance and the succession process. More specifically, the author showed how the nouns used by Danes et al. (2002) in the sub-element of 'collaborative' could be linked to examples of moderate control. Future research could investigate this theory in more detail because, while this thesis introduced the idea of moderate control and optimal circumstances, work needs to be done to help family businesses understand 'what to aim for', providing more detail on how to obtain optimal governance arrangements.

The third area for possible future research could focus on gender. Although this thesis did not set out to investigate gender issues in family firms, there were some instances where decision-making in the family business appeared to be based on the gender of the individual(s) concerned. In addition, there were some instances of unequal treatment of women concerning ownership of the firm. In the case of FB1, whose participants' ethnic origin was Indian, the gender issues appeared to intersect with culture. One possible area for future research could be to use the control dimension of the Family FIRO model and investigate how the sub-dimensions (dominating, reactive and collaborative) help to better understand the gender issues in relation to governance arrangements and the succession process in family firms.

In addition to the aforementioned directions for future research that arose from the theoretical contributions, some interesting themes emerged from the findings which could be promising for future research. The next two sub-sections will explore these areas in more detail.

7.4.1 Biblical and religious imagery and language

The use of biblical imagery and language emerged several times within the data. In all examples, these references were made by incumbents when describing themselves. In the first

example FB6-GEN2F(I) used imagery from Exodus 14:1-31; Moses and the Israelites. He used the metaphor to liken his leadership in the family business to that of Moses leading the Israelites across the Red Sea; there was no consensus and democracy in the decision, but it was in their best interests. In this example, the participant placed himself in the role of ‘Moses’ and his staff as ‘the Israelites’. Placing himself in the role of Moses, who was a powerful figure in theological terms¹⁶ demonstrates the power that the participant attributes to himself. In the second example, FB6-GEN2F(I) discusses his daughter’s readiness to take over the business: *“I don’t think that she [daughter] is in a position as yet to pick up the mantle”*. In this quotation the notion of handing on the mantle has links to 1 Kings 19:19 where Elijah (a prophet and spokesman of God) passes the mantle to Elisha: *“And Elijah passed over to him (Elisha) and threw his mantle on him”*. Once again we see how FB6-GEN2F(I) places himself in the role of the senior figure (Elijah) who would hand the business (robe) to his daughter (Elisha). The third reference to religious language was, once again, made by FB6-GEN2F(I) describing himself and his sister as *“all-seeing, all-knowing”*. This passing remark on two attributes, that are usually reserved for describing a God in religious contexts, suggests he views himself and his sister in powerful positions in the family business. In the first example, FB6-GEN2F(I) compared himself to Moses, who was given authority by God to convince others of his existence by performing miracles (such as parting seas), however in this example FB6-GEN2F(I) is discussing attributes that are usually *only* associated with a God. In a similar way, the final example is from FB2-GEN3(I) who placed himself in the role of ‘the creator’ of a ‘universe’ when discussing the family business. He described the business and how he wants people to feel: *“It’s about the family and making them feel that it’s a great place to come because I have created a universe that I want everyone to be happy in you know, so I want it to go on forever”*. By using the terms

¹⁶ In the Bible, Moses was called upon by God to free his people from Egypt.

‘creat[or]’ and ‘universe’, FB2-GEN3(I) creates imagery of himself as a God-like figure, who sits at the centre of ‘the universe’ (the family business).

In the context of this thesis these issues have been discussed from the perspective of power and control and use of metaphor. However, further work could be done to explore the religious connotations that are associated with the role of incumbents in family businesses. From a brief exploration of the literature, no previous studies seem to have done this. Thus, it may be an interesting perspective to investigate how incumbents view their own identity in relation to the family and the business.

7.4.2 The board and the management team in family businesses

The data revealed situations where management teams of family businesses were, in some cases, also expected to act as boards of directors (this theme was discussed in Section 5.6.3). The data showed that members of each group were expected to have two ‘hats’ i.e. management team and board member. In addition, there was an expectation that they should ‘pretend to forget’ the issues that had arisen in a particular group depending on what ‘hat’ they were wearing at the time. Incumbents (family business leaders) commented that the management team should “*act like*” a board and “*pretend to forget that they are part of the business*”. This way of governing the business is suggestive of certain behavioural assumptions that the principal has about the managers; when they are ‘acting’ like a management team, the authority of the family business leader could impose a principal-agent relationship. However, when the group is ‘acting’ like a board there could be more encouragement of a stewardship approach. In line with this, Madison, Holt, Kellermanns and Ranft (2016) comment that: “...when a principal assumes managers are agents, agency governance mechanisms are enacted. Likewise, when a principal assumes managers are stewards, stewardship governance mechanisms are enacted”. However, Madison et al. (2016) also comment that: “...research has yet to examine the effect of inaccurate behavioural assumptions. If the principal’s behavioural assumption about managers is

inaccurate, then misaligned governance mechanisms may be implemented thus triggering undesirable behaviour". Data emerging from this thesis are suggestive of two 'forums', the management meetings and the board meetings. It could be that in one forum (management meetings) the principal-agent relationship exists and in the other (board meetings) a more stewardship-routed approach is taken. In terms of future research, it would be interesting to explore and gain further insights to understand whether this is the case. In addition, the impact that these potential misaligned governance mechanisms and mixed governance arrangements have on family businesses, when compared to the clearer governance boundaries that are established in non-family firms, would be interesting to explore. This potential future research area appears consistent with Short, Sharma, Lumpkin and Pearson's work (2016, p. 12) which says that *"one of the central questions that family firms face [is]: How can family firms act in rational, business-like ways at the same time that they pursue familial and community caretaking motivations?"*

7.5 Summary

This chapter has provided a conclusion to the thesis by evaluating the how the research questions have been addressed and answered throughout the research process. This chapter has drawn together the threads of discussion to answer the research problem: to understand how governance in family businesses relates to the succession process. In so doing, this thesis has explored how governance 'works' in family firms, offering insights into individuals' understanding of governance in their own businesses. In addition, it has explored the challenges that individuals encounter during the succession process. These insights led to the formulation of a theoretical model which demonstrates the key contribution to knowledge that this thesis makes; 'moderate' levels of control over governance arrangements generate 'optimal' circumstances for the succession process in family businesses, which can be achieved through 'collaborative' interpersonal relationships. This chapter has also reflected upon the findings that

were not part of the theoretical contribution to highlight research areas that could be explored in the future.

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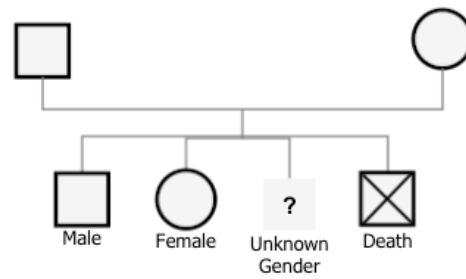
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Appendix A - Dumas' seven constructs

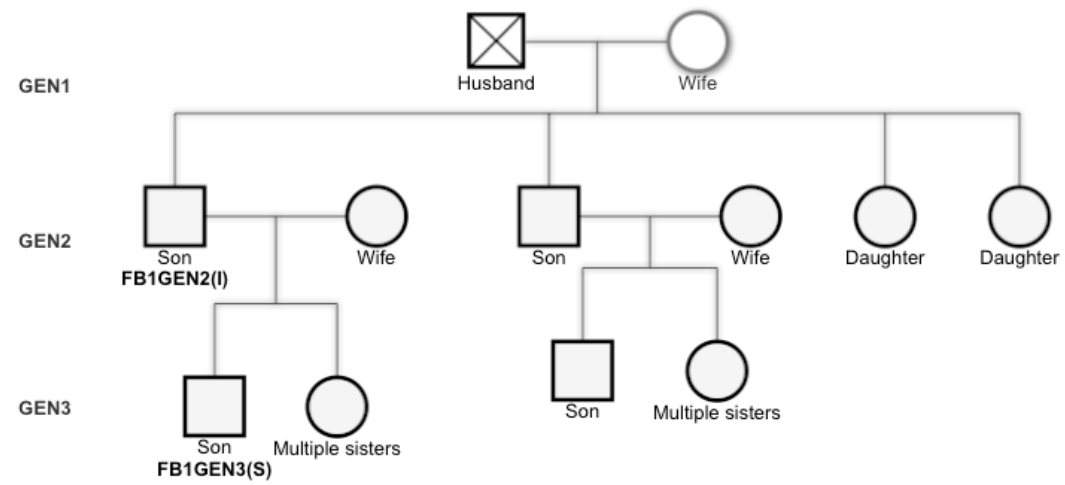
Construct	Explanation
Daddy's Little Girl	<ul style="list-style-type: none"> Common role assigned to the daughter, Daddy's little girl highlights a fragile and defenceless position within the business with a necessity to 'please daddy'. Daughters were capable of various roles within the business, however many assumed the primary role, which was derived from an early age, which was that of a defenceless dependant. As a result, daughters struggle to develop clear business identity and role.
Rites of Passage	<ul style="list-style-type: none"> Some daughters see their father as 'perfect', 'omnipotent', and 'all knowing'. However, some use their fathers as mentors and role models for their own personal development. The expression of guilt was apparent when they asserted themselves realising their own strengths and exposing their fathers' weaknesses. Daughters seem to have been socialised in order to accept ambiguity in role and identity definition within the family business.
The Invisible Successor	<ul style="list-style-type: none"> Many daughters and 100% of fathers within the sample said they had never even considered becoming or (fathers) making their daughters the next leader. Many daughters had not even considered entering the family business until a crisis or unforeseen circumstances had forced them into it. Daughters entering the business are often initially seen as a temporary solution to a larger problem, and the expectation is they will act in a temporary capacity until a more suitable replacement can be found.
The Usurper	<ul style="list-style-type: none"> Struggle for visibility within the business, often because of a triangulation between father, daughter and an external other (second in command). Daughter competed for power and authority as well as care and attention from the father-CEO. Attacks from the daughter against 'the other' were commonplace. Often the daughter attempted to protect the father from the 'bad' manager and the manager tried to protect the father-CEO against a 'bad' daughter. Due to daughters' socialisation to be less aggressive and conflictual, especially with the father, she is forced to assert herself against the external manager. Father-daughter relationship complementary rather than conflicting, daughter wants to replace the manager in order to gain her rightful place beside her father.
The Snow White Syndrome	<ul style="list-style-type: none"> The father, mother and daughter are triangulated. Themes are jealousy, desired closeness and rejection by both the mother and father. Daughter may join the business in an attempt to become closer to either parent. However, it can create a rivalry between mother and daughter for the father's attention. Daughter asserts herself against mother in order to guard her rightful place beside her father.
Caretaker of the King's Gold	<ul style="list-style-type: none"> It emerged that a primary motivation for a daughter to enter the family business was to ensure the protection of her father, by listening to him, admiring him, supporting him and encouraging him. Also, in order to protect the business which was so important to the father. It is important to understand that the daughter, in this instance, actually begins to carve out her own identity within the family business as her father's protector, <i>i.e.</i> her role is established in relation to the father.
Silent Voice	<ul style="list-style-type: none"> Represents daughters who do not become caretaker of the King's 'gold' and then create a sense of identity around it, rather they become lost because they feel they have no voice, a sense of alienation and a lack of purpose within the family business. They passively accept their position of inferiority or deny and silence the voice which they have, only able to speak through the father and his position.

Appendix B - Family Business Genograms

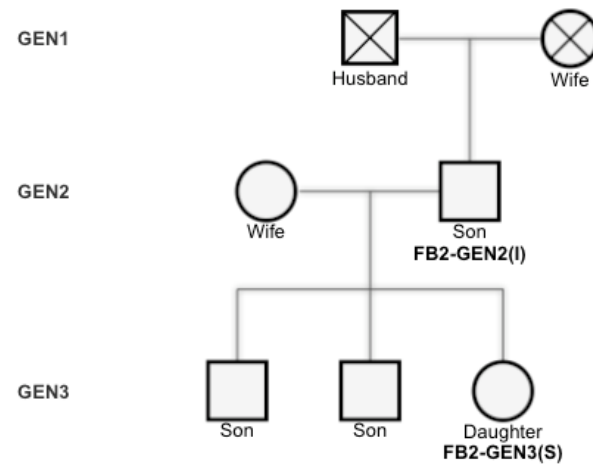
Genogram Key



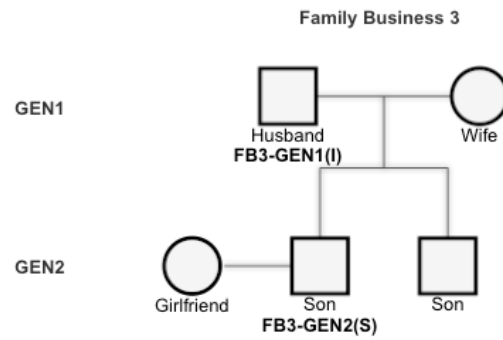
Family Business 1 - Genogram



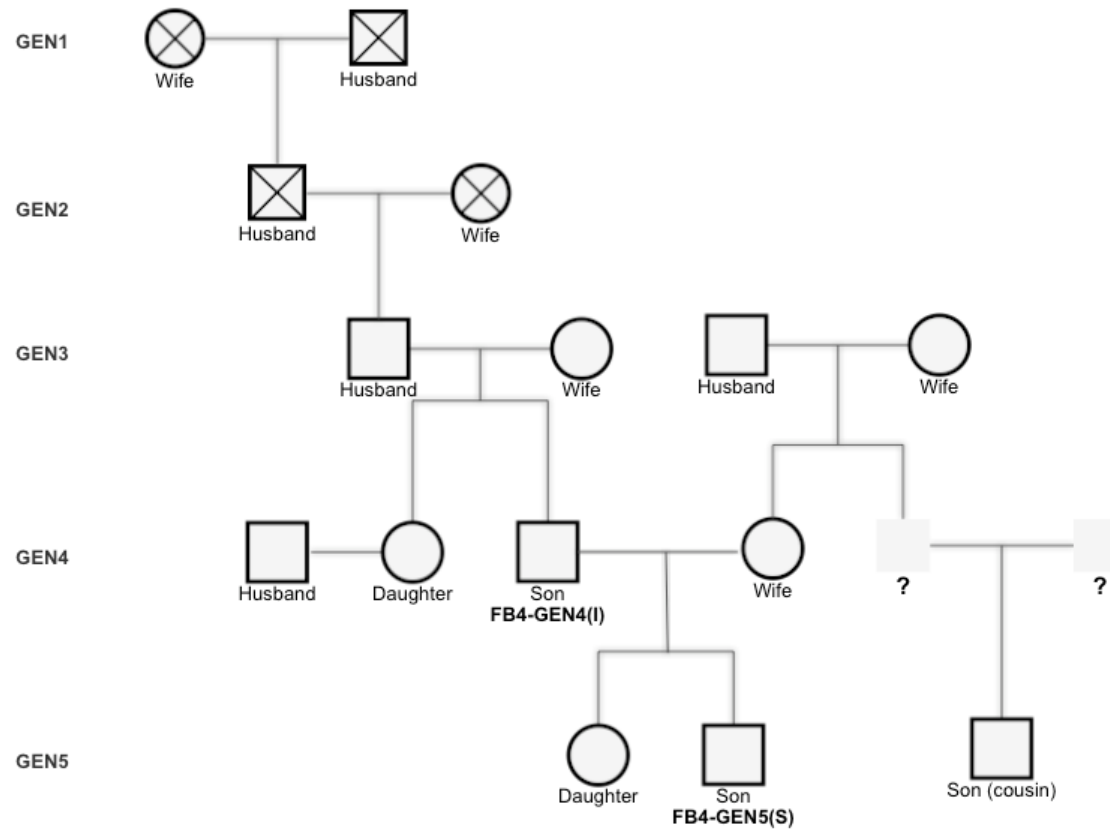
Family Business 2 - Genogram



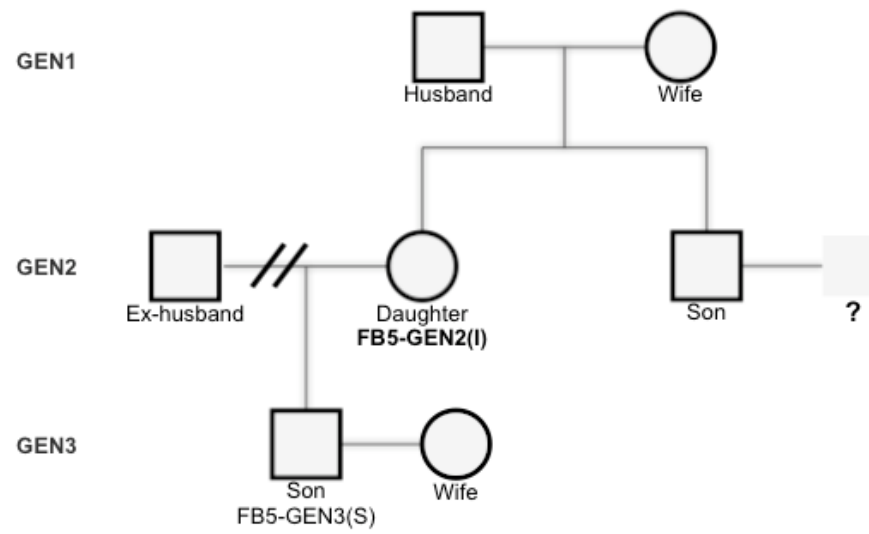
Family Business 3 - Genogram



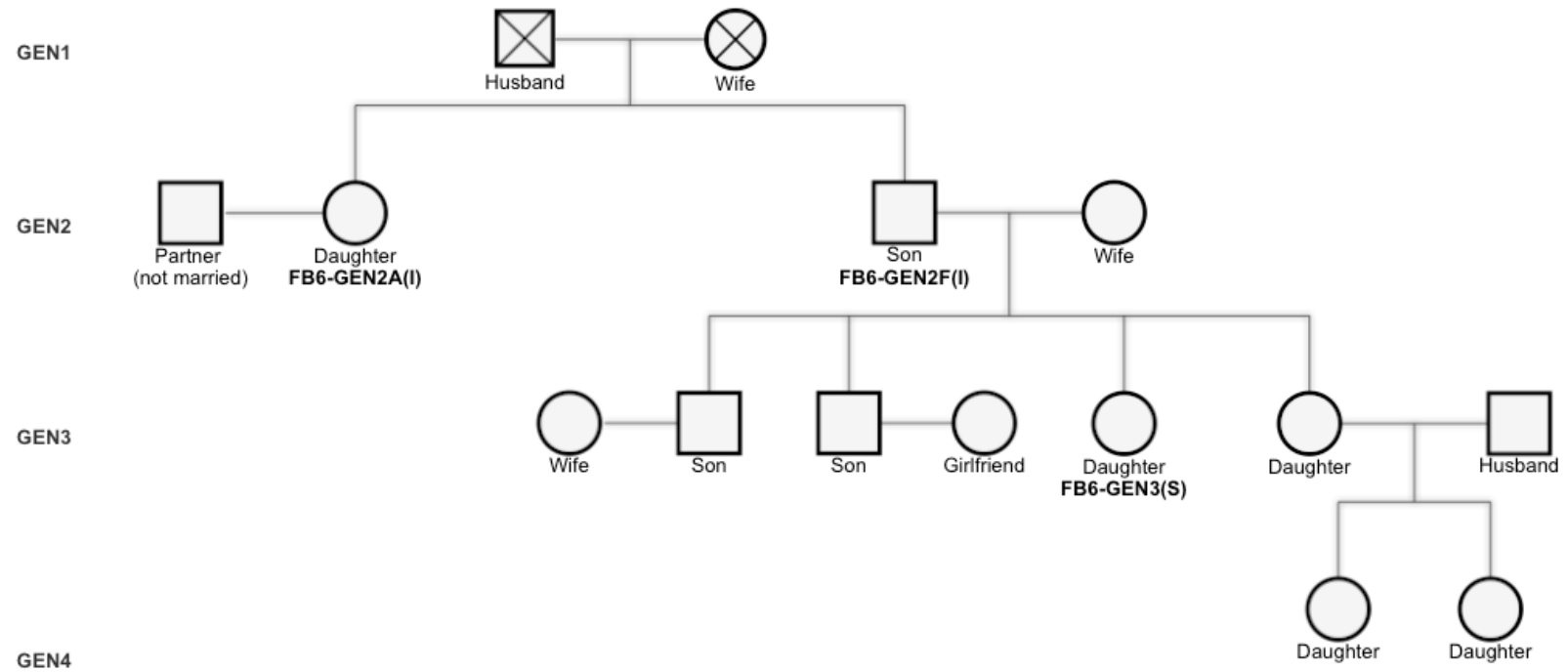
Family Business 4 - Genogram



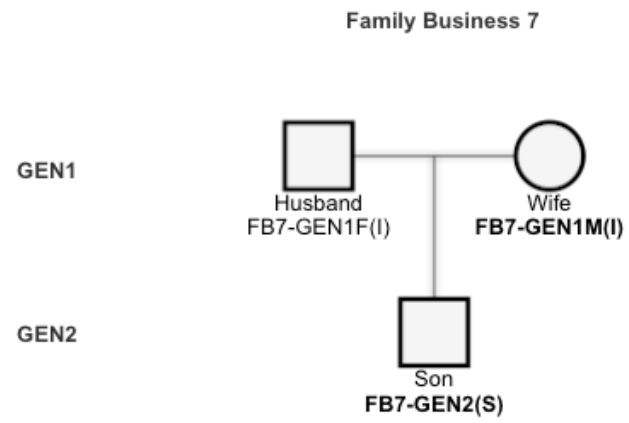
Family Business 5 - Genogram



Family Business 6 - Genogram



Family Business 7 - Genogram



Appendix C - Example of initial coding

Data extract	Initial coding
<p>Question: Do you have a succession plan in place, and if so at what stage of the process are you at?</p> <p>Response: Erm... not a plan as such, nobody has sat down and thought about it. Although maybe Dad and Uncle have thought about it, I don't know (laughter). Erm... but with us being an Indian family business erm...it probably does work slightly differently because there is almost a</p> <p>pre-determined ways of doing things.</p> <p>So even if you take it back to India, we are essentially farmers, that's what we are, going back generations. Erm...</p> <p>we own land, not huge amounts of land, but every farmer in India has a bit of land and the way it is erm.... succession for that land is always from Father to sons equally, erm... not daughters,</p> <p>which is probably the major difference. And that has pretty much carried on ever since, so what you'll find is er..., whatever businesses my er... Granddad had had he passed equally to his sons erm... and then they</p> <p>would pass it to their sons.</p> <p>Daughters would get, you know they may get the money but not, not ownership</p> <p>of businesses which is seen as, the same as land over in India. Erm... but the, I mean there are two different things there, so for example our ownership is, probably doesn't match what we perceive as succession. So for example erm... originally erm... the partners of our business, so there was limited companies but partnerships. They all used to be shared between six erm..., just for tax reasons. Grandad, Grandma, Uncle and erm... Mum and Dad. Erm... Grandad passed away, my Aunt passed away which left the er..., which left my Grandma, Dad, Uncle and Mum erm... now over the last say five years erm the shares of my Grandma's has been passed on to the other three. So it's not, I'm trying to say it's not split really in the way in our eyes, its half, half of it's Dads and half of it's Uncles. But in some cases my Mum and Dad may have two thirds of it, in other cases my Uncle may have more. It's not scientifically done.</p>	<p>Cultural differences</p> <p>Culture equals pre-determined succession planning</p> <p>Legacy</p> <p>Business viewed like 'land' – another asset</p> <p>Historical context</p> <p>Gender – equality</p> <p>Primogeniture</p> <p>Daughters get other assets</p> <p>Ownership and perception of succession</p> <p>Women used for tax purposes – Gender</p> <p>Shareholding not scientifically split</p>

Appendix D - Map of themes and sub-themes

